

## 3.10 Write a marketing plan

### Pricing your product

Setting the right price for your product(s) is critical to the success of your marketing plan. You must look at the cost of providing the product in detail, making sure to include the direct and indirect costs. These include the cost of managing the business, promotion and other overhead costs such as bank fees and insurance. Your selling price must cover all these and provide a profit margin for yourself and if you choose to work with travel trade, a profit margin for their efforts. (see Fact Sheet 3.12)

### Marketing activities

These activities are the means by which you deliver your message to your potential customers – your target market. These include direct sales, brochures and other promotional literature, Internet presence, signage, newspaper and magazine advertising, trade shows and publicity. (see Fact Sheet 3.13)

### Marketing budgets

Cost out all the activities you have outlined in your marketing plan. What your business will spend on advertising and promotion each year will be an ongoing part of your marketing costs. Some of your marketing costs will be spent at the beginning of the year or even as *prepaid expenses* which have to be paid out the year before. Sometimes ads have to be placed and paid for a year in advance. Your marketing budget may surprise you and force you to re-evaluate the timing of some activities.

### Sales forecasts

Your sales forecasts, or projections, are based on the goals and objectives you set. This is often the most difficult part of your marketing plan. Forecasts are to some extent a “best guess” exercise. You make your best guess using your research and knowledge of the product and the market. Sometimes sales projections are *bracketed* which means that you actually make a few forecasts, using pessimistic and optimistic ways of looking at your future sales. If you have some hard numbers which came from your research, it will be possible to narrow the range of forecasts.

### Testing your projections

You need to test your sales projections for realism. When you look at the figures, try to visualize the traffic that your business will have to generate in real terms to reach the projected sales volume. Sometimes this can be done by determining the number of people who will have to buy your product to meet the sales projection per season and then compare this number of people to the traffic generated by similar businesses or organizations as a benchmark.

### Monitoring and analyzing

Spell out in your plan how you will monitor the effectiveness of your marketing activities. At the end of the year you will want to know what parts were effective and what parts not. A key monitoring technique is to keep track of the responses to your various activities. Basically, ask every person who makes an enquiry how they heard of your business. There are also ways of coding your advertisements so you can track those that are most effective. Ensure that your marketing costs are recorded to appropriate and distinct marketing accounts. That way, you can make a number of analytic evaluations at year end, including *return on investment* (customer spending divided by total marketing costs) and *marketing cost per inquiry* (cost per marketing activity divided by total inquiries resulting).

### Getting professional help

You can write your own marketing plan or pay a consultant to develop it for you. Generally speaking, the more work you can do yourself, the better, because you will come to a fuller understanding of your business and your plan. Still, assistance from a professional will ensure that the plan is realistic and complete. And a solid marketing plan will enhance your overall business plan, making it a useful tool with which to approach lenders and investors.

### FOR MORE INFORMATION

#### Designer's Guide to Marketing

Betsy Newberry, 1997, North Light Books

**Successful Marketing Research:** The Complete Guide to Getting and Using Essential Information About Your Customers and Competitors, Edward L. Huster, 1995, Wiley [www.wiley.com](http://www.wiley.com)

**The Marketing Plan,** How to Prepare it and Implement it, William M. Luther, 3rd ed., 2001, AMACOM: [www.amanet.org/books](http://www.amanet.org/books)

#### The Business of Ecotourism

Carol Patterson, 1997, Explorer's Guide Publishing

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### Series of inter-related steps

Of all the business planning elements, the marketing plan is the most critical to the success of your business. A good plan will get your product or service in front of potential customers and convince them to purchase it. It is a series of inter-related steps that begins with identifying your customers' needs and the products you will offer to satisfy them. Next you must determine how to reach those potential customers which leads to sales forecasts which drives your budget and related financial decisions. If you get your marketing plan right, and implement it effectively, you will be well on the way to success.

### Drawing information together

Your marketing plan builds on the work you began in the preliminary evaluation planning stage and draws together the information you derive from market research, product development, research into market channels and communicating with your customers. These topics are all addressed in subsequent Fact Sheets.

### A logical process

When you started the planning process, you wrote a mission statement for your business idea, analyzed your strengths and weaknesses and your competition, conducted preliminary market research, worked out some figures and made the decision to proceed. Now you will follow the same process to write a plan that is more detailed, relies on thorough research and ends with a clearly-defined marketing strategy. This strategy gives you a set of objectives to be reached by the end of the year with a detailed, statement of what to do, when to do it, by whom and how. If all this sounds difficult, don't be put off. In most cases it is not necessarily that complex – once you get started, it is just a series of logical steps that takes you from point A to point B.

### Elements of a marketing plan

Your marketing plan will:

- state your business objectives
- show the results of your situation analysis
- describe the market segments that you are interested in
- define your target market or markets within these segments
- detail the size, volume, frequency of purchase and other aspects of the target market(s)
- analyze your competition
- describe your product and your product-development plans
- show how the product and the target market(s) match
- set your marketing objectives in terms of sales, profitability and customers
- describe the way(s) in which your product will be sold (distribution channel)
- determine the retail selling prices and net amount received by your business per sale
- determine the specific actions of your communications plan to meet your objectives
- list the expected marketing costs in a budget format
- make a 3–5 year sales projection detailed on a monthly basis
- monitor and analyze your performance

### Elements unique to your business

Every business plan or marketing plan has unique elements as well. There may be specific factors relating to your business proposal that do not fit neatly into this list. For example, there may be a specific opportunity tied to a historic event celebrated annually which creates a market opportunity for your business. Such a special item would take a primary position in your situation analysis and will be referenced throughout the rest of your plan.

### When you develop a marketing plan, look for answers to these questions:

- Where do you want to go? (your business objectives)
- Where are you now? (the situation analysis)
- How do you get there? (your strategy)
- What is it going to cost? (your budget)
- What feedback do you need? (monitoring and controlling)

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### Marketing planning

What follows is a brief review of the marketing planning process. The entire process is illustrated schematically below. You will also find more information on various aspects of the marketing plan in the remaining Fact Sheets in this series.

### Marketing objectives

Begin with the mission statement you developed in the preliminary planning process and expand on it if necessary. This is the stated purpose of your business and becomes the reference point for all management decisions you make. Should you enter this market? Should you develop this product? If it does not advance the purpose of your business, then it is a bad decision, no matter how profitable it seems to be. If your stated purpose is to provide memorable but soft (low-risk) wilderness experiences, then you will market differently from a firm offering high-risk wilderness adventure tours.

### Situation analysis

Again, you will build on work you began in the preliminary planning stage. Review your strengths and weaknesses (internal factors) and the external opportunities and threats to your business. Update your inventory of area resources, if necessary. Review the economic and political climate and consider whether any positive or negative influences have arisen to affect your business. For instance, is there a new land-use restriction that will hinder your development plans for a wilderness bed and breakfast? – or perhaps ensure that yours is one of the few that will be permitted?

### Market analysis

To do market analysis is to do research into market statistics and information. When you have concluded your research you will have identified your market segment. This is a group of travellers who are linked by common interests, location or demographics; are accessible by marketing to their segment; and are a large enough group to make marketing efforts worthwhile. You will know about this segment's preferences, lifestyles and locations. A major benefit of this research is that it will keep you from projecting your own likes and dislikes onto your product offering and understand what your segment wants. (See Fact Sheet 3.9)

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### Competitive analysis

A review of your competition will tell you who is selling the same or similar products as yourself. It will help you to decide if the market is already crowded for a specific product, what the competition's strengths and weaknesses are, how you can distinguish your enterprise consistent with your stated objectives, and where you can most effectively compete with other offerings in the marketplace. Try to describe in a paragraph or two who your main competitors are and how you differ from them. Show your uniqueness and how you will take advantage of it.

### Product development

By now, having completed your situation and market analysis, you will know what the wants of your market segment are and what you are capable of providing. You must thoroughly describe your product offering in general terms and in terms of its location, suppliers, and requirements. A good product description relates the product to markets where demand exists.

### Product-market match

Make a list of all your possible product offerings and another of the possible markets you have identified in your research. Cross reference them to see what the most likely matches are. If, for instance, your market research has identified older American couples who are fit but not watching strolls, gourmet meals and comfortable lodgings as opposed to a rustic cabin base with mountain hikes.

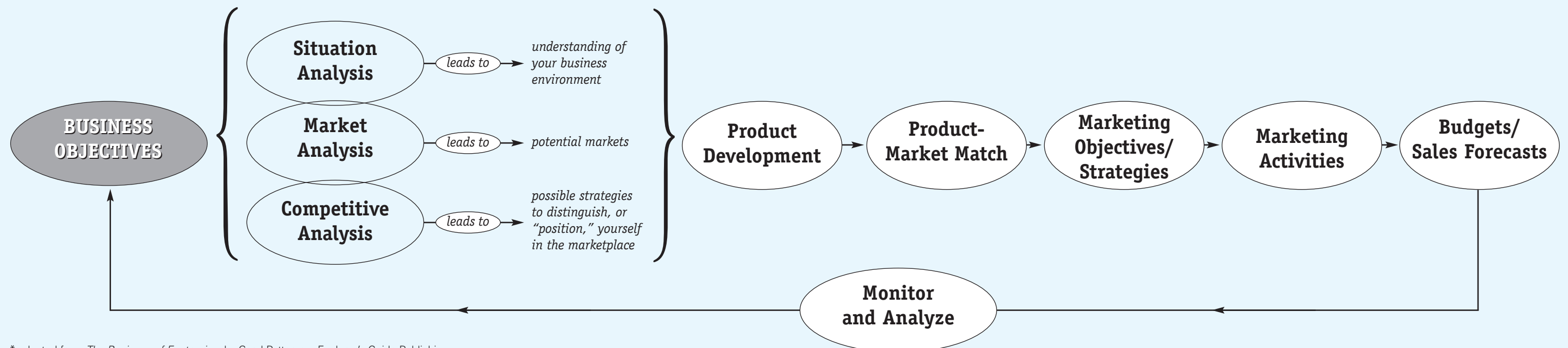
### Marketing objectives

Objectives are the results you want to see after the planning is over and your business is running. They will also help you to measure your performance. Good objectives are clear and concise, are written out, name specific results over a specific time period, are measurable and are consistent with your stated business purpose. Above all, they must be realistic. An objective to simply "maximize profit" is almost useless. An objective to "return 20% on investment as a net profit target by September of next year" is specific, measurable and time-bound. You should be setting objectives in sales, profits and in customer perception and attitude.

### Marketing strategies

Once you have set objectives, you have also spelled out what success for your business is. To get from one to the other, you have to develop actions (strategies) that will motivate people to buy what you're offering. Your action plan must specify who does what by what time. It is helpful to develop this plan relative to the 9 "P"s of marketing: defining your *Product*, setting an appropriate *Price*, determining the *Place*, *Promoting* your product, arranging *Partnerships*, *Packaging* your product, *Positioning* it in the marketplace, organizing *Programs* and getting your *People* in place.

## An Overview of the Marketing Planning Process \*



\* adapted from *The Business of Ecotourism* by Carol Patterson, Explorer's Guide Publishing