



Enterprising Rural Families™

An Online Newsletter October, 2008 Volume IV, Issue 10

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

“P”S OF A MARKET PLAN

Products or Services:

- What do your products or services do?
- What makes yours unique or special?
- Who will buy them?
- When will they buy them?
- How much will you charge?

Packaging: the way your business is presented. Includes image and consistency in all communications.

Place

- The location can impact customer availability and service.
- The location needs to “fit” the customer expectations.
- What is your position in the distribution chain?

Pricing: determined by cost of production, demand, what the market will support, perceived value, replacement cost of equipment, waste of raw materials & damage, annual inflation, advertising costs, wages & salaries.

Promotion: personal selling, word of mouth, public relations, sales promotions, advertising

DOING A MARKET STUDY & WRITING THE MARKETING PLAN

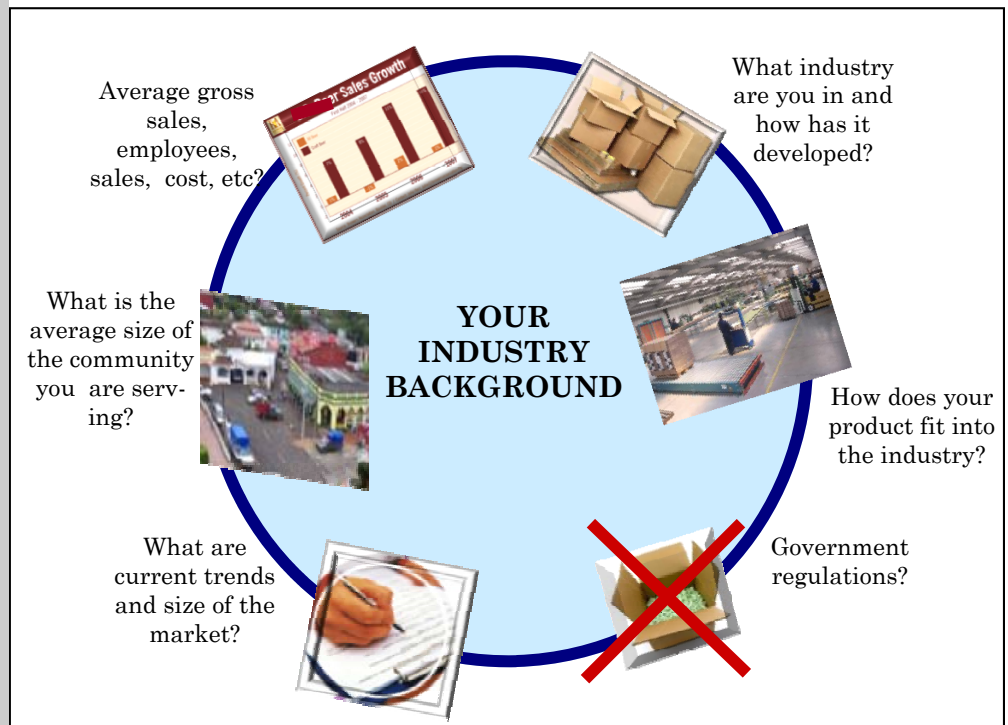
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In an earlier article we discussed some of the attitudes and characteristics needed if you are to start a business and the need to write a business plan as a first step.

One of the most important parts of the business plan is the marketing section. Without sufficient research and planning for your market, your new business may be headed for hard times or even defeat, which will mean a big loss to you in time and money.

Many of us think that, because a business sounds interesting and challenging to us, that the public will feel the same way and beat a path to our door. Nothing is further from the truth. Building a better mouse trap assures us of nothing. Unless the public has too many mice and your product is of better quality, cheaper, or easier to obtain, they will largely ignore you.

So how do you determine if there is a market for your product or service? First, you need to do some extensive research. Here are some of the questions that you need to answer:



Industry background

- What industry are you in and how has the industry developed? What have been the industry's growth patterns?
- How do firms operate within the industry? What is their normal way of doing business?
- What is the average size of a business in your industry in gross sales, number of employees, capital investment, sales costs, and profit margin?
- What is the average size of the community where your type of business is located?
- What are the current trends of the industry that your business is in? What is the size of the market?
- What industry trends are predicted for the future? How will technology impact the industry? What about government regulations?
- How do your products and services fit into the industry?

Your product and/or service

- What specific products and services will my business offer?
- What is my customer profile? Without customers your business is a failure – you **must** determine what the characteristics of a typical customer are for your type of business. This will profoundly affect the development of your marketing plan later on. Characteristics you need to know are things like: gender, age, income bracket, occupation, location, family status, children, education, and ethnic origin.

Competitive Analysis

Lastly you need to compare your business to the competition. Unless you have some reason or “edge” that brings people to your business rather than the competition, your business will be lackluster.

You need to compare your proposed business with your major competitors in several areas: products, price, quality, selection, customer service, product service, reliability, expertise, image and reputation, location, store layout, appearance, sales method, credit policy, availability, management, stability, and advertising.

After gathering this information you need to answer some hard questions like:

- Who are your strongest competitors and where are they located? Is their location a strength or a weakness?
- Summarize the key features and benefits of your strongest competitors. How do their products and services meet the needs of the consumer? What do they do well? How do you know this? How do their prices compare to yours?
- How will your products and services better meet the needs and wants of your customers? How are your products/services unique and different from those of the competition? What can you do better than your competitors – how do you know this?
- What are your key competitive advantages?

The Marketing Plan

The marketing plan is one of the most essential parts of your business plan.

First, what **is** marketing? Marketing is **everything** you do to promote your business, from the moment you conceive of it to the point at which customers buy your product or service and begin to patronize your business on a regular basis. Advertising is only one component of a complete marketing plan.

Your marketing plan should spell out specifically who your customers are. Are they teenagers interested in music, families wanting recreation, or workers buying footwear? Determine **who** you are selling to.

Next, determine your market area. What are the logical geographical boundaries you can expect to reach with a business of your size and type? Are you going to depend on walk-in traffic or will you provide websites, catalogs, and shipping?



Third, what is your potential market size? Once you have determined the size of your market area, estimate how many potential customers there are within that area. Now ask yourself how many of them you can convince to trade with you. 10%? 20%? 50%? How much will each spend per year for your product or service? These numbers can give you an estimate of your potential gross sales for the business.

There are five “P”s of a market plan:

1. **Products or Services:** you need to be able to answer questions like:
 - √ What do your products or services do?
 - √ What makes yours unique or special?
 - √ Who will buy them?
 - √ When will they buy them?
 - √ How much will you charge?
2. **Packaging:** this is the way your business is presented to the marketplace. It includes things like the image of your business and the consistency of your presentation in **all** communications. If you see golden arches you always know what to expect.
3. **Place**
 - √ Where do you do business?
 - √ The location can impact customer availability and service.
 - √ The location needs to “fit” the customer expectations.
 - √ What is your position in the distribution chain? Retail outlets don’t do well in the industrial section.
4. **Pricing**
 - √ This is determined by things like cost of production, demand, what the market will support, and perceived value. Pricing is also influenced by factors such as replacement cost of equipment, waste of raw materials and damage, annual inflation, advertising costs, and wages and salaries.
5. **Promotion**
 - √ Promotion includes personal selling, word of mouth, public relations, sales promotions, and advertising.

A business without a marketing plan is like a ship without a sail. It has good stuff on board but it isn’t going anywhere. Good market planning is essential to the success of your business.

*A well thought out
and carefully executed
marketing plan
will lead to success ...*



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