

Writing A Marketing Plan

Imagine visiting New York City for the first time and trying to find your way around without a map. You might find some of the places you want to visit, but not without a lot of detours and lost time. Time you could have spent visiting sites and enjoying the city. This is exactly what you're doing with your business if you don't have a marketing plan.

Your marketing plan is your road map to implementing your business ideas and measuring your success along the way. Even if your business is still an avocation, without a plan, you're likely to run down a lot of dead-end paths and waste a lot of time and money. If you already have a business, your marketing plan can help keep you focused on your goals, serve as a reality check, and help get you back on track if you get distracted. If an existing business is experiencing financial difficulty, carefully reviewing an existing marketing plan within your business plan or even writing one for the first time can help you determine if the business is in a "save" or "sell" position.

There is a lot of controversy about the value of a business plan. A marketing plan is a critical component of the business plan. Comments run from "plans are useless" to "plans are essential." If you have someone else write your business



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plan or if you use a preprogrammed computer program and guess at the numbers, then the resulting plan will probably be useless. In particular, the marketing plan cannot be a "one size fits all". But, a business plan that includes a detailed marketing plan that you develop yourself, with some review and consultation from an Extension Farm Management Specialist or other business management professional, can help you systematically think through the steps involved in your business development. It is this process of planning that pays dividends.

What's in a Marketing Plan?

A marketing plan is a written document that describes your business, your customers, your competition, your marketing strategies and a budget for those activities. By acquiring a good understanding of future trends and having a better knowledge (than your competitor) about customer wants and needs, you can develop a new and better way to approach the market. Traditionally, this is called "analyzing the market."

Large companies pay lots of money for market analysis - who's buying what. By now, you should have already collected and processed much of this information - paid for with an investment of time and perseverance. This knowledge is vital to developing your marketing plan and critical in determining your marketing strategies. The following steps outline the components of a marketing plan.

Developing the Plan

List all of your products and services. For example, let's say you sell widgets. You sell round widgets, square widgets and custom-designed widgets. You also have a 24 hour widget repair service. Divide your products and/or services into four strategic business units:

1. Cash cows are those products and services that sell well and are the major suppliers of cash to your business. You sell four times as many round widgets as square ones.
2. Stars are products and services with the potential to generate excellent sales and cash in the future. Your custom-designed widget sales have been climbing at a slow but constant rate.
3. Question marks are products and services that are neither cash cows nor potential stars. Your repair service could be very important as a sales tool in growing your custom-design unit.
4. Dogs are money losers and users of cash with no real future. Your square widget inventory is backed-up over 90 days. Many square widget users are updating their equipment and no longer need these parts.

Focus and concentrate on your core business. Your core business will account for 80 percent of your profits. Concentrate on becoming excellent in your core business and protect it from competition by continually improving in that area.

STEP 1

STEP 2

Decide what target audience you are trying to reach since these are the people who will make your marketing strategies most effective. How do you know who your target customer is? You don't unless you understand his demographics and his psychographics. If you know who your customer is - demographics - you can then determine why he buys - psychographics. According to Michele Gerber's book *The E Myth Revisited*, demographics are the science of the marketplace. It tells you who buys. Psychographics is the science of perceived market-place reality. It tells you why certain demographic types buy for one reason while other demographic types buy for another.

Analyze your competition from the obvious, other establishments or products like yours, to the far reaching, those that compete with alternative products, convenience, price, or location. Find out what your competition is doing in each of the four traditional marketing mix elements and then determine what people are willing to pay you to do better. Use this information to develop a differentiation marketing strategy that separates your product from others, ultimately creating value in the mind of the customer.

Conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of your business. A SWOT analysis is a fairly simple, low cost way of assessing your company's position. It presents information that is vital in developing business and marketing plans, as well as setting organizational goals and objectives.

STEP 3

STEP 4

Determine your marketing budget and the time you will allocate to your marketing strategies. Usually this is done as a percentage of sales, based on each enterprise. Put the most resources where you can affect the most sales. Plan to track the sales generated by each strategy so you can determine its effectiveness.

The heart of your marketing plan is the marketing strategies you choose to pursue. Your marketing goals and objectives will help you navigate through the maze of marketing options and determine which strategies is the best fit for you. These strategies will change as your company changes. Think of your marketing plan as a living document that grows and matures with your company's needs.

STEP 5