

## MARKETING

The Marketing section of the business plan shows how you will identify your prospective customers, make them aware of your products/services, and convince them of the values/benefits of your products/services.

- **Target Market**

Your target market is a snapshot of the typical customers who are going to purchase your products/services. The four basic factors commonly used to describe a target market include (when your target market is comprised of people):

- **Age** - Usually a range or a general category such as "18 to 25 years old" or "Senior citizens."
- **Income** - This can be either total annual income or an estimated disposable income. For example, "earning over \$25,000 per year" or "has a monthly disposable income of at least \$500."
- **Gender** - Males or females.
- **Geography** - This is particularly applicable if you have a retail location or provide a service. This can be stated in terms of a radius or a geographical boundary like "within a ten-mile radius of our location" or "between Modesto and Bakersfield, California."

These factors are usually further refined by including issues such as:

- **Social** - Marital status, parental status, religion, educational level, etc.
- **Cultural** - Family, ethnicity, activities, hobbies, interests, etc.
- **Physical** - Medical conditions, physical ability/conditions, health issues, etc.

If your target market is comprised of businesses, the four basic factors commonly used are:

- **Business Type** -Retail, service, manufacturing, construction, non-profit, or government.
- **Products/Services** - Especially if your product or service is directly related to your product or service. For example, if you make a special part for a manufacturer or provide consulting services for non-profit organizations.
- **Number of Employees** - Stated in a range or value such as "between 10 and 50 employees" or "less than ten employees."
- **Economic Issues** -If economic factors such as a boom or downturn are currently affecting your potential customers. For example, if businesses within your target market are cutting costs by eliminating their graphic design department, your graphic design business can fill the void.

These factors (both for people and for businesses) are usually enough to identify and describe the target market for most businesses. However, make sure to include any other factors that you feel are applicable to your particular business. Also make sure that if you are targeting individuals and businesses, you state the target market for both.

- **Product Position**

Briefly state the primary products/services your business provides (feel free to repeat what you have already written in prior sections). Make sure that you mention what makes your products/services different from/better than those of your competitors

(remember your competitive analysis table from the last chapter – use the information you identified there). Mention any special features and benefits so that you clearly explain why someone would choose you over your competitors. As a starting point, consider the following traits that can set your products/services apart from others:

- *Uniqueness*
- *Affordability*
- *Reliability*
- *Value/price*
- *Quality*
- *Ease of use*
- *Service*
- *Speed*
- *Convenience*

- **Price**

Describe how you determined the pricing for your products/services. Are they based on one or more of the following?

- *Your costs to manufacture/provide the product/service*
- *What your competitors charge*
- *Standard industry mark-ups/rates*
- *What the market will bear*

Then, state where your price fits in the overall pricing hierarchy (lower end, middle or high end). For example:

*The current rate for our web design services is \$50.00 per hour. This is based on the current rates charged by our competitors and then determining the exact midpoint. By starting out with rates that are above the low-end of our competition, yet lower than those charged by established businesses, we will be able to enter this field with a better perceived value (i.e.: not cheap) and can still be competitive with the big guys.*

- **Location**

State exactly where you plan to establish your business or where it is located if it is an existing business. Are you going to lease a site or own it? If you are going to lease, note the basic terms of the lease (length, square feet, maintenance, janitorial, etc.) and include a copy of your lease in the supporting documents section. Explain how the location is appropriate for your particular business and, if it applies to your situation, how the location will help promote sales and/or awareness of your business (this is critical for a retail business). Describe any special features of the location that could relate to your ability to profit potential.

These features could include:

- **Neighborhood** – *Is it in a neighborhood compatible to your business? Do people come to this area to purchase similar products or services? Is the building/space well known in the community?*
- **Physical** – *What floor are you on? What kind of window space/signage will you have? Is the building fully accessible with adequate parking?*

- **Traffic** – *Is the location secluded or in a high traffic area? Is it located near to major streets? Do you have an idea of the traffic count/flow pattern for the area (how many cars drive by and what are the peak traffic times)? Is highway accessibility important? If it is, state the location of the nearest highways/freeways to your business.*

- **Promotion**

Explain your promotional methods by describing each of the promotional methods you will use, why you will use them and their estimated cost. Typical promotional methods include:

- **Print advertising** - *In newspapers, yellow pages, periodicals, magazines, and specialty publications, etc.*
- **Media advertising** - *Through radio stations, television stations, web sites, billboards, etc.*
- **Direct efforts** – *Such as mailers, telemarketing, cold-calls, person-to-person contact, etc.*
- **Events** – *By participating in and/or sponsoring events, trade shows, fairs, business functions, fund raisers, etc.*
- **Word-of-mouth** - *By asking family, friends, business associates, vendors, and (most importantly) satisfied customers for leads, referrals and recommendations.*

Make sure to include any other promotional methods you plan on using (give-aways, contests, joint ventures, etc.).

- **Implementation Plan**

Describe the marketing and promotional efforts you will undertake to attract customers and when you plan on actually doing them. Make sure to explain:

- *When you are going to advertise or promote your business.*
- *How or where you are going to do it.*
- *What type(s) of activities are you going to use.*
- *How much money are you going to set aside/need for these purposes.*

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**THE BOTTOM LINE:**

***The overall goal of this section is to clearly describe who you plan to sell your products/services to, what makes your products/services desirable, your pricing structure and how you determined it, the advantage of your location (if applicable), and how and when you will promote your business.***