



# Creating a Marketing Plan

## Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Create a business strategy that includes a business plan, budget, and marketing plan

## Creating a Marketing Plan

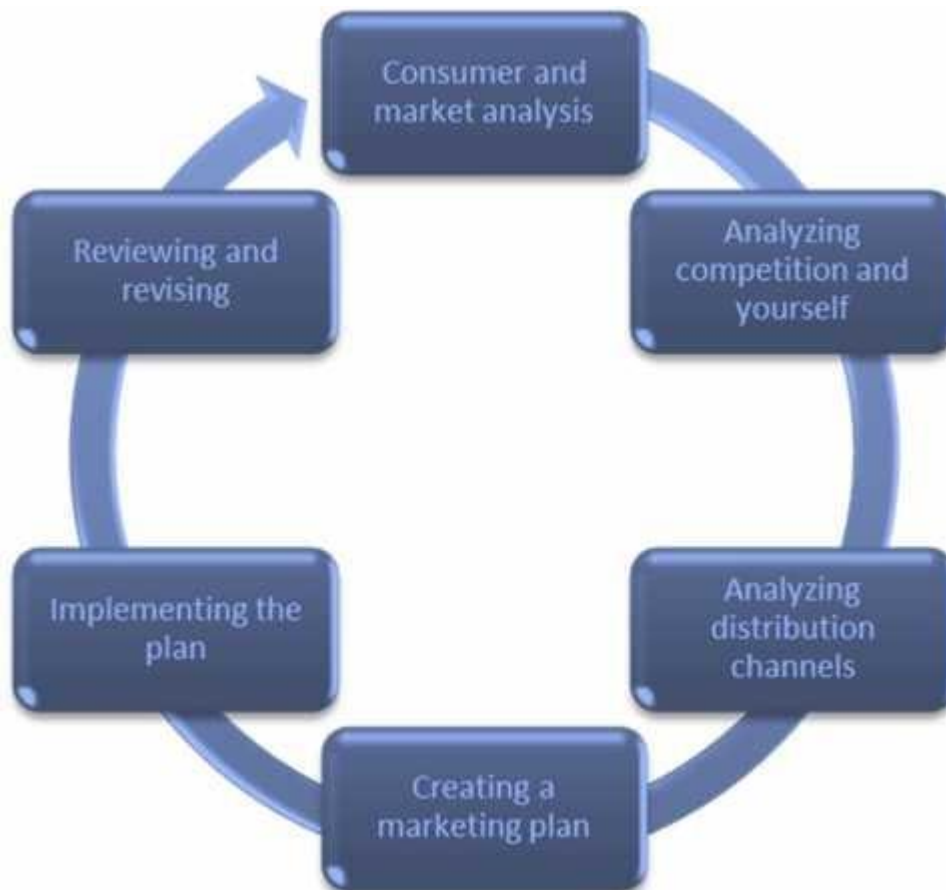
### The Purpose of the Plan

Now that your business strategy is in place, it's time to consider how you will market your online business. Marketing processes may vary in terminology or stages depending on the material you read, and they may include more or fewer steps than this session will cover. What is common, however, is that marketing is a cyclical process, and it uses very particular terms. We will also use those terms here so that you can plan, speak to, and perform these functions within your business.

Your marketing plan may undergo many revisions until all stages work effectively. This frustrates people who do not like working in a fluid state, or have trouble dealing with change. As a result, you may need to seek help from marketing professionals who love their work and have a strong track record.

### Cycle Overview

Marketing uses the following steps:



## Looking at the Steps

Let's take a closer look at each of the steps in the marketing cycle.

### Stage One: Consumer and Market Analysis

This stage involves the following elements:

- Considering who your customer is and what they need
- Grouping target customers into segments
- Outlining the buying process for your product or service

### Stage Two: Analyzing the Competition and Yourself

In this stage, you will want to ask the following questions of your competition and yourself:

- What are your advantages?
- What are your core competencies (the things you do well)?
- What are your weaknesses?
- Where are your shortcomings?
- What can you do to capitalize on your strengths?
- What can you do to exploit the competition's weaknesses and shortcomings?

A SWOT analysis can help you address each question in the list above. SWOT stands for strengths, weaknesses, opportunities, and threats. It is a method of analyzing external factors (opportunities and threats) and internal factors (strengths and weaknesses) in a methodical way.

Once you have gathered this information, you can identify:

- How to position your services to play to your strengths
- Ways to lessen the impact of the competition
- What makes your services unique
- Key aspects of your brand

### Stage Three: Analyzing Distribution Channels

Consider how you are going to get your product or service to your client. Will your product or service be completely virtual or will you need warehouses and delivery services? Consider the costs at each step of the delivery process, including bandwidth and hosting fees.

### Stage Four: Creating a Marketing Plan

Your marketing research gets applied in a marketing plan based on the P's of marketing: product, price, place, promotion, and packaging. All of these P's influence the sixth P: the **positioning** of your product or service (how it compares to similar products from other companies).

### Stage Five: Implement the Plan

Now it's time to test out your marketing plan. If possible, do a limited trial run before a full-scale launch.

### Stage Six: Evaluate, Review, and Revise

You may recall that earlier we said that marketing is a cyclical process. At any time in the cycle, the marketer can be forced to return to an earlier stage to remedy some kind of problem. Even if things appear to be going well, take the time to closely look at what you are doing and how effective it is.

## Creating Financial Projections

### Choosing the Right Approach

The next piece of your business idea is the financial projections. You need to have a fairly solid idea of what your online business is going to cost to run and how much revenue it's likely to generate. We recommend using a basic bottom-up method, where you generate estimates for each part of the business and then combine them to get the big picture.

### Finding Data

As an entrepreneur starting a new business, you have a major disadvantage when forecasting revenue and expenses: you have no historical data to base your facts on. This means that you will have to obtain data for similar companies in your industry.

### Part One: The Sales Process

The first part of financial projections is looking at your sales process. How long will it take for your company to see payment after someone becomes a potential customer? Typically, online customers move through the following stages:



Typically, the sales cycle is quite short for online businesses. However, it depends on how complex and customized your product is. You should also consider these factors when you are estimating the length of your sales process:

- What experience does the market have with this product? New products and technologies can take a while to catch on.
- What does the customer have to do in order to buy the product? Are credit terms, payment plans, proposals, tenders, or other lengthy processes required?

- Who will be involved in making the decision? For example, company employees may be allowed to purchase small amounts of office supplies, but will need approval for bigger items.
- How urgent is the purchase? A higher urgency level usually results in a shorter sale time.

To help you get an accurate picture of how long your sales process is, you can use this template. We have included some example activities for an online computer business.

Sales Stage	Activities in Our Process	Average Length of Stage
Prospect	Customer sees a blog post that company wrote for a technical magazine.	N/A
Qualified Prospect	Customer needs a new computer. They remember our website, re-visit it, and check out some customization options with the interactive wizard.	0-2 hours
Lead	Customer decides what computer they want and completes the wizard.	0-2 hours
Committed Lead	Customer places the order and enters their credit card information.	0-2 hours
Customer	Computer is built and shipped.	Within 7 days after order is placed
<b>Total Average Length of Sales Process</b>		7.5 days

### Part Two: Sales Metrics

The next part of your financial projections is sales metrics. You will need to determine how much money each product or service will sell for (separated into one-time and recurring revenue), as well as daily, weekly, monthly, and yearly sales estimates. If support people will be required, account for their cost as well.

Let's look at a website that sells several different e-books that you have already written and published.

- You estimate that each book will sell for \$10.
- You will not have salespeople; all sales will be done through your website.
- You estimate that five people will purchase from the website on launch week, with the number doubling each week after that until it plateaus at 1,000 customers purchasing each week.

- Since the first month is a four-week month, this means 75 sales and \$750 in revenue in the first month.
- The second month, which is also four weeks, will have 1200 sales and \$12,000 in revenue.

It can be very difficult to predict sales estimates. Always err on the conservative side. As well, be sure to allow for seasonal variances. As your business grows, you will be able to update and refine your forecasts with actual data.

### **Part Three: Expenses**

The final piece of the financial projection puzzle is your expenses. Luckily, your major expenses should be fairly easy to estimate. Here is a list of things to consider.

#### **One-Time Costs**

- Lease deposits
- Software purchases
- Initial office setup (chairs, computers, desks, etc.)
- Website and app development

#### **General Overhead Costs**

- Rent
- Heat, lights, and water
- Communication costs (landlines, cell phones, Internet, etc.)
- Office supplies
- Website and app maintenance

#### **Staff Costs (if applicable)**

- Salaries
- Commissions
- Benefits
- Owner payouts

#### **Advertising and Marketing Costs**

- Advertising expenses (break down into appropriate channels)

#### **Product Costs**

- Labor costs
- Material costs
- Packaging

#### **Special Costs**

- Licensing and registration fees
- Professional service fees (accountants, lawyers, etc.)
- Insurance
- Outsourcing fees

- Emergency fund

Double and triple-check your expense forecasting to ensure you've accounted for everything.

## Raising Startup Capital with Crowdfunding

### What is Crowdfunding?

Crowdfunding refers to a growing trend of soliciting many small contributions from a crowd of people in order to support a new or existing business. There are three main types of crowdfunding as of this writing.

#### Charitable Crowdfunding

This type of crowdfunding is like traditional fundraising, where people give money or other donations to charitable groups without expecting anything in return.

#### Reward-Based Crowdfunding

This type of crowdfunding gives crowdfunders a reward in return for their contribution to the funding campaign. This might include a signed movie poster, a pre-sale copy of a video game, or gift certificates for a three-course meal.

#### Equity Crowdfunding

This type of crowdfunding is usually used for startup businesses. Crowdfunders give an entrepreneur money to start a business in return for a stake in the company. Equity crowdfunding is quite new, and the rules surrounding it differ for each jurisdiction.

### Case Studies

#### Misfit

This brand of physical activity monitors (<http://www.misfitwearables.com/>) got its start via crowdfunding, raising \$846,000 in two months using the Indiegogo platform. Co-founder Sonny Vu said that not only did the campaign provide much-needed funding for the startup company, it also enabled them to get feedback in the early stages of design and manufacturing. Since its launch in 2013, the brand has gotten high reviews from technical magazines like Wired and now offers several different models of their product.

#### Pebble Smartwatch

Crowdfunding platform Kickstarter helped entrepreneur Eric Migicovsky turn his vision of a smartwatch into reality. In just over a month, crowdfunders raised over \$10 million. In return, they received different watch packages. The Pebble smartwatch (<http://getpebble.com/>) hit the market in early 2013 and has been extremely successful.

#### Veronica Mars Movie

For years, the creators and fans of the cancelled Veronica Mars TV show wanted to make a movie, but couldn't get funding from a major production company. So, in 2013 creator Rob Thomas launched a

