

Marketing Plan Builder

SAMPLE MARKETING PLAN

Step 2



A complete set of building blocks for the development of successful marketing plans



Blue Mamba Internet Marketing Pty Ltd

Wellbuilt Furniture
Marketing Plan
for
New Product Range Introduction

Soho Work Station Modules
for the
Small Office/Home Office



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January 2011

Note: This marketing plan is based on a fictitious office furniture manufacturing company. Any resemblance between the business depicted and an actual business is entirely coincidental

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Executive Summary

Subject	Information
When and why the business was established.	Established in 1980 manufacturing a range of traditional executive office desks and other office furniture.
Geographical markets it was set up to cover.	San Diego and surrounding counties
A description of the products we offer	Traditional office desks returns and Screens as well as complimentary bookcases, office chairs, tables and filing cabinets.
Trade customers profile	Retail office furniture specialists.
End user customers profile	Small to medium corporate customers.
A summary of our progress in the market to date	Turnover increased at a rate of 10% in first twenty years but has since leveled out at around \$1Million per annum.
The dynamics that have arisen that need to be addressed	Trend away from traditional office furniture to more space efficient work stations. Also cheaper imports presenting increasing threat.
The main factors that will lead to forecast sales and profits	We plan to enter the small office/home office market segments with a specialized range of work station modules.
The impact the plan will have on revenue and profit.	The planned financial result is to accept a short-term loss from the new product range in the development stage when earnings before interest and tax (EBIT), subsidized by existing products, is forecast at \$155,000 from revenue of \$1.3M in year 1. This will grow to around an EBIT of \$535,000 from \$1.9M in revenue in year 3 when the company will be better placed to sustain long-term growth.

PART 1: SALES & MARKET REVIEW

1.1 Sales Analysis

Existing products sales analysis									
Product or Service	Turnover \$000s			Gross Profit or Loss \$000s			Net Profit or loss \$000s		
	3 years ago	2 years ago	Last year	3 years ago	2 years ago	Last year	3 years ago	2 years ago	Last year
Executive desks, returns & Screens	1,200	1,300	1,200	600	650	600	240	260	240
Bookcases	110	105	100	55	50	45	22	21	20
Office chairs	210	200	190	105	100	95	42	40	35
Office tables	300	290	280	150	145	140	60	55	50
Filing cabinets	150	140	150	30	28	30	(15)	(14)	(15)
Total	1,970	2,035	1,920	940	973	910	349	362	330
Conclusion: Sales of our entire product range is sliding or in decline. We need to develop new products for future sustainable growth as a matter of urgent necessity.									

A sales analysis of our product portfolio has shown that in the last three years:

1. Executive desks returns and Screens have marked time in terms of turnover and both gross and net profit.
2. All other products are losing ground in all three measures.
3. On a consolidated basis turnover and profit is falling with the implication that if we are not proactive in changing our marketing strategy and product mix, the future viability of the business will be under threat.

1.2 Products & Services Review

Existing products review					
Product or Service	Benefits	Comparison with competitors	Target market segments	Profit contributor Rating (1 – 10)	Product or service classification (Refer figure 1)
Executive desks, returns & Screens	High quality craftsmanship	Better built than most	Small & medium corporates	10	Cash cow but under threat
Bookcases	Easily assembled	Middle quality range	As above	5	Future questionable
Office chairs	Gas lifts	No clear advantage	As above	4	Limited growth opportunity
Office tables	Solid timber	High quality end	As above	6	Cash cow but slowing demand
Filing cabinets	Fully welded	In most expensive quartile	As above	3	Losing money but completes a range
<p>KEY POINTS: Our entire product range including our key executive desk line is under threat. It is imperative that we identify market growth opportunities with limited competition.</p>					

In a Boston Consulting Group matrix analysis based on the above sales analysis we have also established:

1. There are no 'rising stars' in our current product portfolio.
2. Our only 'cash cow' is executive desks. Fortunately this will provide the funds required for product and market development.
3. Bookcases, office chairs and tables are 'question marks'
4. Filing cabinets are rated as 'dogs' given that they are incurring losses and are therefore earmarked to be deleted from the range.

We have concluded that all our existing products are in a mature stage or under threat with the clear implication that new product development is imperative for the growth and even survival of the business.

1.3 Market Segmentation

We have segmented the office furniture market into four primary groups as follows:

Market Segments	
Large office fit outs New and refurbished buildings – usually specified by architect or other – purchases direct from manufacturer.	Large office ad hoc replacement and additions Existing workplaces – purchase from manufacturers direct or from wholesalers or specialist office furniture retailers.
Small office Fewer than 12 people. Usually purchase from specialist office furniture retailers.	Home office One or two person offices. Currently purchase mainly from domestic furniture retailers with an office furniture department.

As shown in the table below, we have further determined which of the four market segments hold the most potential for development by our company in terms of competitor servicing, our potential ability to service, estimated growth rates and our levels of priority.

Market segment opportunity rating				
Existing & Potential market segments	Rate the extent to which the segment is already being serviced by competitors Scale 1 -10	Rate your current or potential ability to service this segment Scale 1-10	Estimated growth rate Scale 1-10	Rate your level of priority Scale 1-10
Large office fit outs	10	0	5	0
Large office replacements	7	2	5	3
Small offices	3	8	9	10
Home offices	2	10	9	10
Conclusion: Large office fit outs and replacements are already dominated by other manufacturers. Based on existing competition, our ability to service and estimated growth rates, the small office/home office segments are the segments that offer us the best potential in which to concentrate our resources.				

1.4 Product Segmentation

1.4.1 Product segmentation by size and trend

The office furniture market is broken down into six primary product segments as shown below. Due to market shifts there has been a trend towards large companies outsourcing services to businesses operating from small and home offices where office space is very limited. Consequently, demand is rapidly growing for highly efficient space economic work stations. We believe we have identified an untapped market opportunity to focus on high end work station modules for small offices/home offices.

Market breakdown by product segmentation				
Product segment	Product segment volume* (Units)	Product segment value* \$s	Estimated product share of market by value %*	Life cycle stage Growth, maturity or decline
1. Work stations	25,000	\$50M	26	Rapid growth
2. Desks	30,000	\$75M	39	Mature
3. Returns	5,000	\$12M	6	Slow decline
4. Work tables	19,000	\$45M	22	Slow decline
5. Storage units	3,000	\$7M	4	Slow decline
6. Screens	2,000	\$5	3	Stable
Total market	84,000	\$194M	100	
Key Points:				
1. Corporate offices are downsizing due to increasing use of computer technology which in turn is leading a trend away from office desks to workstations.				
2. Work stations are the second largest product segment by volume and value. They are the only segment in a rapid growth phase.				

1.4.2 Product segments by channels of distribution

Product Segments by Channels of Distribution						
Market segment: Small offices/home offices	Channels of distribution %					
Product segment	Channel 1 Direct from factory	Channel 2 Office furniture retailers	Channel 4 Domestic furniture retailers	Channel 5 Office supply chains	Channel 6 Wholesalers	Channel 7 On line
1. Work stations	10	45	35	12	3	0
2. Desks	15	50	20	10	3	2
3. Returns	15	50	20	10	3	2
4. Work tables	15	40	40	0	3	2
5. Storage units	15	35	35	10	3	2
6. Screens	30	40	15	10	3	2

Key Points:
Unlike large and medium offices whose office furniture needs are primarily serviced direct from manufacturers, the majority of small office/home office furniture needs are purchased retail.

Key points: Further analysis shows that unlike large offices, small offices/home offices mainly purchase their office furniture requirements retail - from specialist office furniture retailers, domestic furniture retailers or from office supply chains such as Officeworks. On-line commerce will be the growth channel in the future

We have determined that we will market the new product range through these outlets.

1.5 Competitor Analysis

Competitor Analysis					
Criteria	Our company	Competitor 1 Name: Bettabilt	Competitor 2 Name: Stylecraft	Competitor 3 Name: Colonial	Competitor 4 Name: Nova
Estimated market share	Around 8%	45%	20%	10%	5%
Estimated annual sales	\$1,200,000	\$7,000,000	\$3,000,000	\$1,500,000	\$700,000
Reputation in market	High end	The industry standard	Solid	Not well defined	Cheap
Price	Premium	High end	Medium to high	Middle range	Low end
Product quality	High	Medium to high	Middle range	Average	Poor
Product range	Comprehensive	Comprehensive	Comprehensive	Limited	Basic
Service	Fair	Excellent	Good	Good	Poor
Location	Prime position to service local market	Central	Acceptable	Acceptable	Poor
Distribution	Patchy	Wide	Fair	Selective	Poor
Advertising	Limited at present	Prominent	Prominent in local press	None that we can discern	None
Innovation	Lacking to date Significant improvement earmarked	Leaders	Usually follow Bettabilt	Nothing to go on recently	Just copies others
Current market segment focus	Large office ad hoc replacement and additions	Large office fit outs and large office ad hoc replacements and additions	Large office ad hoc replacement and additions	Large office ad hoc replacement and additions	Large office ad hoc replacement and additions

Based on the competitor analysis above, the reality is that we are currently a small fish in a big pond. Furthermore our share of that pond is contracting further due to changing market dynamics

Fortunately, we have identified an undeveloped market segment in which our competitive position would be that of a bigger fish in a small but growing pond. Our competitive position would be greatly advantaged if we are “first in” to gain leadership of this market segment in our traditional home base market.

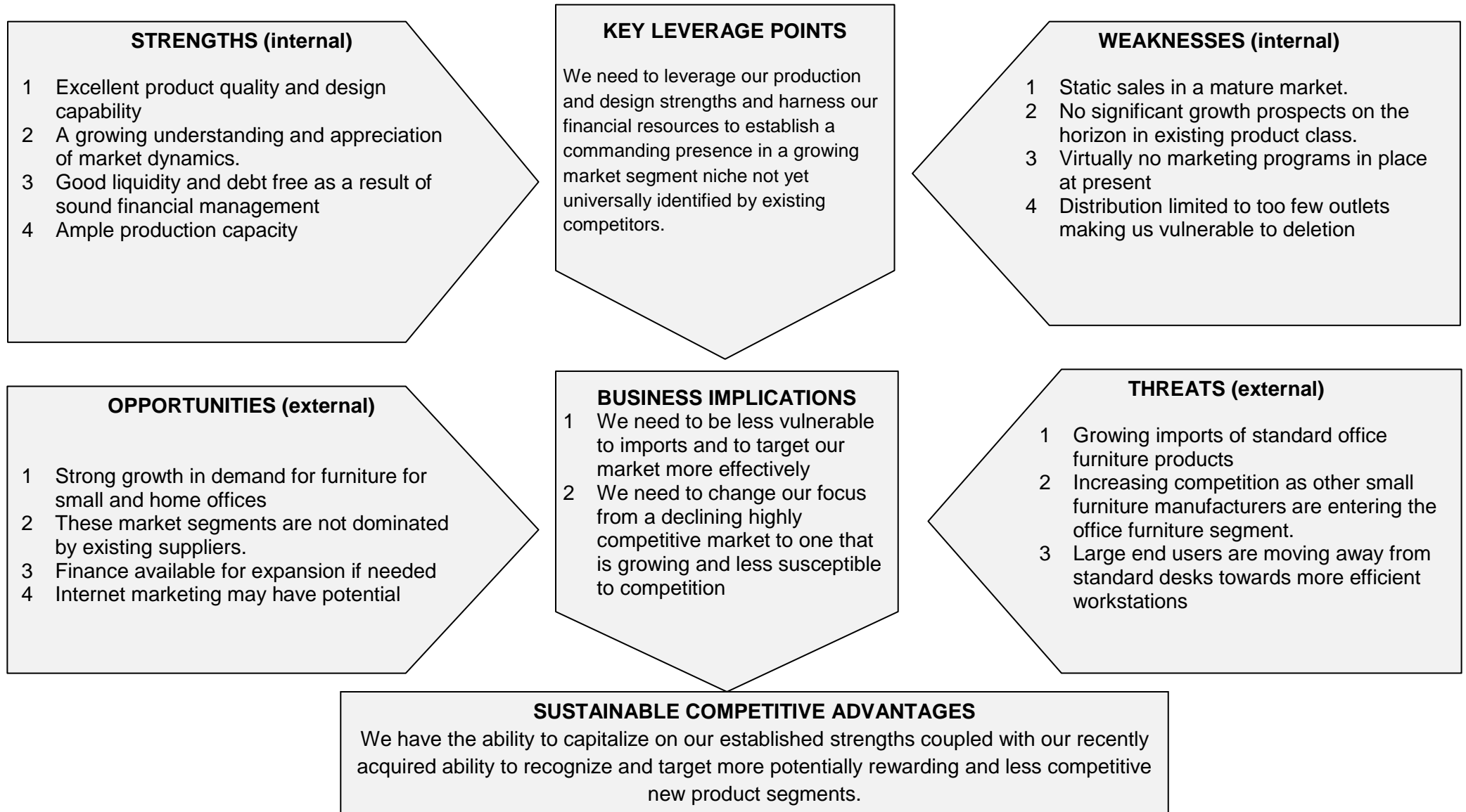
1.6 Marketing Research

Product concept marketing research checklist	
Product concept	High quality/high tech, space efficient, extendable work stations
Market segment	Small offices and home offices
Research objective	Test the validity and the extent to which these market segments offer a viable market opportunity
What we need to know	
Existing behavior	What office furniture equipment are they using now?
Satisfaction with existing products	The extent to which the target market is satisfied/dissatisfied with office furniture currently available?
Product needs	What features does the target market require?
Where do they purchase?	Direct from manufacturer? Office furniture retailers? Domestic furniture retailers? Office supplies stores?
How frequently do they purchase?	Once a year? Every two years? On a needs basis only?
What would influence brand or products switching?	Better functionality? More efficient use of available floor space? Better value for money? Innovative features. Other?
How much are they prepared to pay?	Under \$500 per work station. \$501 to \$750. \$751 to \$1,000. \$1,000 plus.

Before committing to the proposed change in market focus, we have identified the fundamental things we need to know (as shown above) to assist us in formulating our marketing strategies. We will commission a small-scale qualitative research study conducted by a specialized research organization to validate the viability of the proposed product concept.

PART 2 SITUATION ANALYSIS

2.1 SWOT Analysis



2.2 Mission Statement

Mission statement components	
Business we are in	Efficient office work environments
The products we produce	State of the art work station furniture
The customers we serve	People working from small offices/home offices and who are early adopters of developments in office technology
The area we serve	The city and surrounding districts of San Diego CA
The benefits to customers	Efficient, comfortable and flexible work station furniture that creates an environment for improved functionality and productivity
The benefits to the community	Being a responsible employer and supporter of local community affairs
The benefits to our employees	Fair compensation for effort in a secure, stable employment environment
The benefits to us	We seek a fair and reasonable return on investment over the long term.

Following an assessment of our values as shown in the above table, we have formulated the following mission statement which accurately reflects our future commercial goals.

Wellbuilt Office Furniture

OUR MISSION STATEMENT

Our corporate mission is to provide people working from small offices/home offices in San Diego and surrounding districts with the most technically advanced efficient, innovative, comfortable and flexible office work environments that lead to improved functionality and productivity.

Further we wish to create a secure stable employment environment in which our employees are fairly compensated for reliability, the manufacture of quality products and the provision of excellent customer service.

We seek fair and responsible return on investment to keep the company financially healthy over the long term while taking our place as responsible employers and supporters of local community affairs.

2.3 Target Markets

Home office target market characteristics (individuals)	
Product: Work station modules	Target market characteristics
Geographic	
Location	San Diego and surrounding districts
Area size	50 square miles
Population	1,223,400
Population density	High
Climate zone	Temperate
Demographics	
Age range	25 -55 (Late Baby Boomers/Gen X & Y)
Gender split	60/40 Female/male
Income group	Medium to high
Family composition	Average 4 persons per household
Household type & size	Free standing units
Occupation	Professional
Education	College graduates
Psychographics	
Personality type	High achievers
Behavior characteristics	Strong work ethic, early adopters
Life style	Often combine work with raising families
Rate of use	Daily
Repetition of need	Constant
Benefits sought	Comfort, efficiency, flexibility
Loyalty characteristics	Strong loyalty when needs met
Behavioral	
Needs to be fulfilled	Career and business success
Knowledge level	High
Information sources	Internet
Attitudes	Self starters
Use or response to a product	Expects and demands the highest quality
Small office target market characteristics (businesses)	
Product: Work station modules	Target market characteristics
Business type (manufacturer, retail, wholesale, professional, service)	Professional & service
Industry	Various
Size of business	Small
Financial strength	Sound
Number of employees	1 to 20
Location	San Diego and surrounding district
Employment type	Self employed
Turnover	\$100,000 to \$500,000 pa
Special requirements	Time poor

Based on the target market intelligence assembled above we have defined the target markets as being: **“Small office/ home office business people who are early adopters of business technology and who are prepared to pay a premium price for the most efficient home office/small office furniture available”.**

Until the product concept had been tested in the market the company will to continue to concentrate sales and distribution in San Diego and surrounding districts before rolling out into other markets when initial progress is consolidated.

2.4 Keys to success

The marketing plan will address meeting all seven keys to success as identified below.

Keys to success	
Product: SoHo Modular work stations	
Keys to success	Comments
1. Meaningful competitive edge	The modular system is unique and meaningful
2. Ability to charge a competitive price	High technical unique design and quality materials justify premium price
3. An effective promotional program	We are confident that our carefully selected promotional program will be effective.
4. Saturation distribution	We have identified the retailers whose support is important
5. Retail trade support	We have built in an attractive retail margin and a comprehensive retail support program
6. Interactive e-commerce web site	Initially we will promote the e-commerce feature of the site in areas in which we do not have retail distribution
7. Outstanding customer service	We have plans in place to provide both retail stockists and end users with quality customer service.

2.5 Critical issues

We regard the following four critical issues as critical to the success of the plan.

Critical issues	
Product: SoHo Modular work stations	
Critical Issues	Comments
1. The home offices/small offices growth trend is continuing and sustainable	Big business downsizing will maintain the trend to outsourcing
2. We do not meet any direct head to head competition in the first five years (including imports).	Major competitors do not seem to have recognized or focused on the small office/home office trend.
3. The retail trade supports stocking our product	We have a multi tiered strategy to gain retail trade support. Initial indications are positive.
4. End users embrace the modular concept	Preliminary marketing research indicates strong support for the concept.

PART 3 MARKETING & SALES OBJECTIVES

3.1 Marketing Objectives

Marketing objectives		
Product: Work station modules.		
Market segment: Small offices/home offices		
Marketing Objective	Time frame	How measured
10% share of office furniture purchases in small office and home office market segments	End year 1.	Retail trade data
50% share of office furniture purchases in small office and home office market segments	End year 3.	Retail trade data
Establish awareness of SoHo brand name	Progressively over the next three years	Telephone surveys among small office/home office proprietors
Expand distribution into Los Angeles	Year 4	Achievement of set revenue and profit goals
Expand distribution into San Francisco	Year 5	As above

After detailed analysis summarized in the template above we have defined our marketing objectives as follows:

1. Our immediate goal is to develop a new product segment aimed at Small Office/Home Office (SOHO) business people with the development and release of the best quality, most functional space efficient modular workstation furniture. Specifically we aim to achieve a 10% share of segment by the end of the first year growing to a 50% share by the end of the third year. This will be achieved by persuading small office/home office operators to replace conventional office desks with more efficient SoHo work station modules.
2. At the same time we intend to progressively establish awareness of our brand name among potential users in the first three years
3. We aim to expand distribution of our product into Los Angeles in year 4 and into San Francisco in year 5.
4. Longer-term we intend to develop profitable export markets.

At the same time we will continue to service the existing market for our traditional office furniture products as this will fund the development of the new market we are pursuing. We recognize that part or the entire existing revenue base may have to be eventually phased out but that this will be managed for profit as the new market segment is developed progressively.

3.2 Sales objectives

Sales Objectives –Existing & new products								
Product (or product group): office furniture								
Existing Products	Current Year		Year of plan		Year 2 Forecast		Year 3 Forecast	
	# of units	\$000's	# of units	\$000's	# of units	\$000's	# of units # of units	\$000's
Desks	1,000	700	1,000	700	630	630	560	560
Returns	500	200	475	190	450	180	400	160
Screens	200	100	220	110	240	120	260	130
Total existing products	1,700	1,000	1,695	1,000	1,320	930	1,220	850
New products								
Work stations	0	0	300	300	600	600	1,095	1095
Total (all products)	1,700	1,000	1,995	1,300	1,920	1,500	2,315	1,900

Wellbuilt Office Furniture's turnover projections by product show attrition in turnover at a rate of around 10 per cent per annum in respect of desks and returns. Screens sales should actually grow as an adjunct to work station sales.

Falling desk and returns turnover will be more than offset by the introduction and growth of workstation modules.

The sales objectives we have set are based on our estimates of market size by product segment and are practical in terms of production capacity and working capital finance.

The plan shows total sales revenue growing at an annual compound rate of 12% from Year 1 of the plan which we believe is practical and sustainable.

PART 4 MARKETING STRATEGIES

4.1.1 Product development

Product Development Checklist	
Information checklist	Responses
What is the product concept?	High tech/high quality work stations
What are its features?	Compact integration of computers and peripherals
What are its benefits?	Improved functionality and efficiency
What is the proposed target market	Small offices and home offices
Will this product replace an existing product or create a new product segment?	Replaces conventional desks and other office furniture
Can it be produced with our existing facilities?	Yes with planned modifications
What pricing strategy is envisaged?	Premium price to fit premium quality strategy
How will it be branded?	Under the 'Soho' brand
How will it be distributed?	Via office supply chains and general furniture retailers
How will it be packaged?	In ready to assemble flat pack kits
How will it be communicated to the target market?	Media advertising, trade shows, in-store displays and retailers catalogues
Which products will it compete against?	Conventional office furniture
What market research is proposed?	Focus groups among target market
What is the market research budget	\$10,000
What is the product development budget?	\$30,000
What is the proposed marketing budget?	\$480,000
What are the perceived risks?	Time it takes and cost of getting the message across to enough customers
What is the proposed launch date?	February 2011

1. Encouraged by positive market research results and after working through the points covered in the above product development checklist, we have decided to base our future on developing workstations for small offices/home offices that meets the following criteria.
2. Space and energy efficient hi tech/high quality that allows compact integration of computers and peripherals with built-in facilities for cable management, Internet sockets and power supplies. They will also include built-in fluorescent light fittings and adjustable arms for computer screens.
3. The units will be in module form for future expansion flexibility.
4. A unique locking device will be developed to enable ease of assembly without the need for special tools. The principal materials will be durable scratch resistant melamine and tubular steel.

The product development schedule is as follows:

Product Development Schedule		
Product development stage	Target completion date	Responsibility
Production of prototype or sample	Mid 2009	Dennis/Mark
Marketing & trade research	September 2010	Mark
Finalize packaging design	October 2010	Dennis
Commence commercial production	January 2011	Mark
Trade launch date	February 2011	Mark
Commence distribution	March 2011	Mark
Consumer launch date	March 2011	Mark
Post launch evaluation	June 2011	Mark/Dennis

4.1.2 Product proposition

Product proposition development		
Product: SoHo work station modules		
Product proposition options	Proposition Expression	Consumer appeal on rating scale 1-10
Efficiency and functionality	“Maximize productivity – minimize floor space with SoHo work stations.”	10
Product quality	Timber not chipboard	5
Product design	Office furniture functionality for computerized offices	7

Recognizing that floor space in small offices is invariably in short supply, the product proposition developed for our workstation modules is:

“Maximize productivity within minimum floor space with SoHo work stations.”

Product features we will promote are:

- Quality materials
- Functionality
- Unique features
- Easy to assemble
- Modular for future expansion
- Ergonomic design

4.1.3 Positioning

Following development of a positioning map in which price/quality and office size were set as variables we have concluded that the prime opportunity for Wellbuilt in the premium quality/price small office/home office sector of the market. This position is not dominated by any of the major office furniture manufacturers.

Product positioning statement development		
Product: SoHo work station modules		
Positioning options checklist	Positioning statement	Rating scale of uniqueness 1 to 10
User group	For the small Office/Home Office”.	10
Product quality and functionality	The ultimate in high tech quality and functionality	10
Price and quality	At the premium end of the price scale	10
Price & service	Not applicable in this example	0
Usage occasions	Not applicable in this example	0
Store environment and product range	Not applicable in this example	0
Preferred positioning statement: “SoHo work station modules are the ultimate in high tech functional work stations for upscale Small Offices/Home Offices”.		

4.1.4 Branding

Branding selection checklist	
Q. Is our corporate brand name widely recognized in the market in which we compete	A. <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Q. If 'yes' would the addition of a description of the product or service category to the corporate name add to business identity and positioning?	<input type="checkbox"/> Yes <input type="checkbox"/> No. A. Not applicable in this instance.
Q. Would the introduction of an original brand name offer marketing advantages	A. <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Q. If 'yes' what are they?	A. Describes and helps to position the product concept
Q. What branding strategy do our main competitors use?	A. <input checked="" type="checkbox"/> Corporate <input checked="" type="checkbox"/> Original
Q. Are competitors' branding strategies more effective than ours?	A. Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/>
Q. Do we have access to potential brand names that could be developed?	A. <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Q. Are we prepared to invest resources required in the development of an original brand?	A. <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Q. Is there potential in the market for the introduction of a 'price' brand in addition to our established brand?	A. No <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> . At least not in the foreseeable future

In working through the above checklist, we have arrived at the following conclusions:

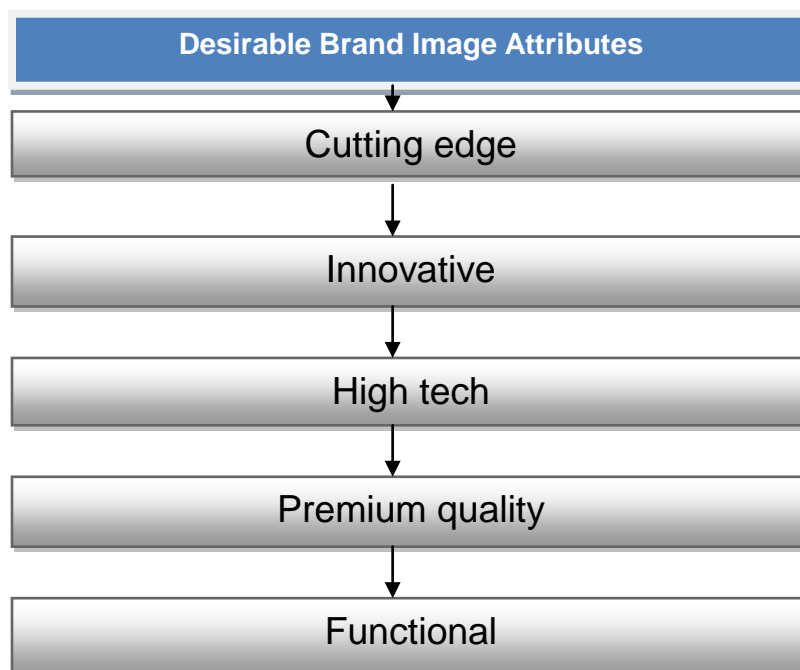
1. Since we have never made a conscious effort to develop the company name as a brand name widely recognized by end users there is little or no recognition or awareness of the name *Wellbuilt Office Furniture* among end users or the broader community.
2. We therefore see an opportunity to start with a clean slate using a new brand name that positions the new product concept and which we can develop over time to build a consumer franchise in the market segments we intend to target.
3. This sector is commonly referred to as the SOHO (Small Office/Home Office) sector. A search of the trades marks register has revealed that the trademark "SOHO" is available for registration in the appropriate product category and we intend to seize this opportunity.
4. We therefore intend to market our new product range as *SoHo Modular Work Stations*.
5. Upon registration of the trademark we intend to develop a logo, which will graphically communicate the product concept.
6. We are also considering an innovation in furniture branding. Unlike other consumer durable product categories (such as electrical appliances and computer systems, etc,) furniture products are rarely identified by brand name. Even if consumers are aware of the brand name of the product they are buying at the time of purchase the brand name is often quickly forgotten after purchase in the absence of a reminder.
7. We will therefore trial a discrete brass plate stamped with the brand name, web address and the free call number we have taken out for product service and enquiries. These plates will be fixed to each module in a non-obtrusive but visible position. We hope that this device will serve as an aid to brand awareness and lead to referrals and repeat purchasing.

4.1.5 Brand & Corporate Image

Brand Image Checklist	
Q. What do we know about our current brand (or corporate) image among customers, prospects, suppliers and others in contact with the company?	A. Our company name is not established with the general public. We are therefore intending to establish a more descriptive name for the proposed new product concept
Q. Where do we want the brand image to be?	A. Innovative, state-of-the-art high tech, high quality
Q. If our brand was a person, what images attributes would we want to convey?	A. Ground breaking, state-of-the-art, innovative, high tech, premium quality, functional
Q. How does our image compare with our nearest competitors?	A. There are no significant competitors in the product segment we intend to enter
Q. How well does our current visual corporate identity contribute toward the desired brand image?	A. We will have to start from the beginning in the development of a visual corporate identity .
Q. What steps can we take to strengthen the desired brand image among our customers, prospects, employees, suppliers and others?	A. We will endeavor to portray the desired attributes in all of our advertising, promotional, packaging and pricing strategies.

We understand that brand image cannot be established overnight but we intend to develop a brand image for *SoHo* over time that reflects the following attributes:

Cutting edge, innovative, high-tech, premium quality, functional office furniture.



4.1.6 Packaging

Packaging Checklist		
Considerations	Functionality	Graphics
What are the pros and cons of our packaging materials?	Our proposed packaging will be in well designed highly functional ‘flat packs’ for compact storage, transportation and merchandising.	Eye catching graphics will illustrate the product concept and help to merchandise the product at the retail level.
What are the pros and cons of our main competitors packaging materials?	No direct competitors at this stage	Not applicable yet
What can we do to improve our packaging’s functionality and design graphics?	We will constantly monitor improvement opportunities and seek the advice of packaging suppliers and designers.	We will study Ikeas approach to flat pack graphics as they are the experts in the category.

Mindful of the need to distribute products in ready to assemble form we have engaged the services of a packaging design consultant to meet the following criteria:

1. Adequate outer and inner protection of all component parts. In “flat-packs” for compact storage, transportation and merchandising.
2. Eye catching graphics in which the brand name will be prominent will illustrate the concept and merchandise the product when it is shelved and displayed in the forward area of retail stores. The graphics will portray our product proposition and positioning with reference to ease of assembly. Assembly instructions will be included in an easy to follow step-by-step format.

Price

4.2.1 Price Strategies

Competitive pricing analysis					
Product	List price \$	End user price \$	Retail Mark up	Retail Mark up %	Retail Gross Margin %
Our product	\$600 per module	\$900 per module	\$300	50%	33%
Competitor 1	N/A	N/A	N/A	N/A	N/A
Competitor 2	N/A	N/A	N/A	N/A	N/A
Competitor 3	N/A	N/A	N/A	N/A	N/A

There are no direct competitors in this product segment which is a major reason for placing our faith in entering this product segment.

Proposed Pricing Strategies	
The pricing strategies we intend to adopt are:	
<input type="checkbox"/> Cost plus	<input type="checkbox"/> Market skimming
<input type="checkbox"/> Market penetration	<input type="checkbox"/> Loss Leader
<input checked="" type="checkbox"/> Premium pricing	<input type="checkbox"/> Parity pricing
<input type="checkbox"/> Commodity pricing	<input type="checkbox"/> Captive pricing
<p>The rationale for adopting these options is: We have a quality product with no direct competition. Premium pricing will allow us to fund marketing and trade support. Our research indicated potential users are prepared to pay around \$900 per module given the benefits they provide. Premium pricing suggests superior quality.</p>	

As this is a unique product with no direct competition in the market and product segments we have targeted from either local manufacturers or imports, we are confident we can adopt a price premium strategy. This policy will provide:

1. Funds for marketing support;
2. Better than average margins for retailers
3. Consistency with the brand image and positioning
4. The ability to use quality materials and workmanship.
5. An allowance for continuing R&D and investment in marketing.

Our RRP will be set at around \$900 per module. This will provide a retail mark-up of 50% (or 33% gross margin) on a list price of \$600 per module. Initial concept research conducted confirmed that customers will be prepared to pay up to \$1,000 for the benefits our products will deliver.

4.2.2 Price Tactics

Proposed Pricing Tactics			
The pricing tactics we intend to adopt are:			
<input checked="" type="checkbox"/> Short term discounts	<input checked="" type="checkbox"/> Quantity discounts	<input checked="" type="checkbox"/> Promotional allowances	
<input checked="" type="checkbox"/> Special payment or credit terms	<input type="checkbox"/> Consignment terms	<input type="checkbox"/> Refund policy	<input type="checkbox"/> Bundling
<p>The rationale for adopting these options is: A 5% discount on quantities of 25 units or more will encourage maintenance of adequate stock levels while a further 5% discount will be paid for on floor displays and temporary price reductions tied in with retailers' catalogue sales. We are also prepared to provide credit terms of 30 days from invoice. These tactics will be monitored on an ongoing basis and adjusted as necessary.</p>			

Place

4.3.1 Business location

Business location analysis	
To what extent does the site affect your business	Not to a significant extent as the site is not a retail outlet but we do intend to develop a showroom.
What is the rate of passing traffic?	Extensive
Is the site rental high, low or average?	We own the site.
Is passing traffic commensurate with rent?	Not applicable
Is the building in keeping with your desired image?	Not at present but we intend to upgrade
What is the extent of direct competition?	None
Are there complementary businesses in your area?	No.
Is customer parking adequate?	Yes.
Is there enough space for your operations?	Yes for the foreseeable future.
Are there signage opportunities to attract customers?	Yes.
Is the site close to residential or commercial zones from which your customer base is drawn?	Yes
Is the location developing, reaching maturity or in decline?	Reaching maturity
Should you consider moving to a better location?	Not at present.

As Wellbuilt Furniture is not a retail business our location is not a primary concern.

We do however intend to make better use of the available space we have in the front office area to develop a showroom where we can display and demonstrate the product range to retailer buyers and potential end users.

We do not intend to make the showroom a retail outlet with sales direct to the public so any orders received at the showroom will be referred to retailers to maintain retail trade relations.

We believe that an outdoor illuminated sign on the showroom frontage will help develop product and brand awareness, as the volume of passing traffic is extensive.

4.3.2 Distribution

Distribution channels checklist				
Product	Target market	Existing distribution channels	Efficiency ranking 1 to 10	Proposed changes (if any)
Free standing executive desks (existing product)	Small to medium corporate customers	Direct to specialized office furniture retailers	6	We may phase out of this market if the launch of our proposed new work station module product line is successful
Work station modules (proposed product)	Small offices/Home offices	Direct to office furniture retailers, domestic furniture retailers, office supply chains and (later) Internet e-Commerce marketing	Unknown as yet	To be determined

Firstly we intend to maintain distribution of our existing products through our established network of office furniture retailers in San Diego and surrounding districts. We will also introduce our new SOHO range to them to encourage sales to medium and large corporate customers.

We are aware however that this will be inadequate to meet our newly defined corporate goals and we therefore intend to take the following steps to extend distribution to meet the set targets.

1. We will present the range to selected general furniture retail outlets with particular emphasis on home office furniture stockists.
2. We will aggressively seek distribution of our products through office supply chains that retail office furniture along with stationery, computer supplies etc and which often merchandise floor displays of office furniture for small and home office customers. These retailers feature office furniture in product catalogs and flyers.
3. We will develop a web site designed to market our products nationally or even internationally. The web site will serve as both an advertising medium and as an e-commerce channel.
4. When the new range is sufficiently established in our home base, we will investigate the feasibility of appointing wholesalers, distributors and agents with a view to expanding distribution of the product range to other selected domestic regions.

4.3.3 Distribution channel partners business maximization

Distribution channel partners maximization checklist		
Product: Work station modules		
Product	Distribution Channel	Proposed Development Strategies
Work station modules	Domestic furniture retailers	Maintain close communications regarding sales and market developments. Offer incentives for above budget results. Build floor displays of assembled modules. Merchandise with quality point-of-sale materials
Work station modules	Office furniture retailers	As above
Work station modules	Office supply chains	As above

- Channel partners business maximization strategies we intend to pursue will include:
1. Allocation of resources to build floor displays of assembled work station modules to allow potential end users to view assembled modules
 2. Supply distribution channel partners with good quality point-of-sale and merchandising materials

4.3.4 Supply chain management

Supply chain checklist		
Supply chain stage	Existing efficiency rating (Scale 1 to 10)	Proposed changes to shorten the chain
Raw materials to factory	6	Keep closer control on raw materials stock levels at factory and place orders at predetermined trigger points
Factory to distribution channels (if applicable)	5	Maintain closer checks of finished product stock levels at distributors and agents and replenish stock levels before stock outs
Distribution channels to retailers (if applicable)	6	Keep closer controls on stock levels at retail level and ensure distributors and agents can supply stock at short notice
Factory to retailers (if applicable)	7	Keep closer checks on stock levels at retailers and ensure factory can supply direct orders under two working days

We are acutely aware that ‘out-of-stocks’ and unavailability of product to meet consumer demand is frustrating to manufacturers, retailers and end-consumers alike. We therefore intend to minimize impediments to sales through implementing the following procedures:

1. We will keep close checks on raw material stock levels in the factory and place orders at set trigger points.
2. We will monitor finished product stock levels in our factory warehouse and at distributors and agents to replenish stocks before “out-of-stocks” occur.
3. We will monitor stock levels at retailers to ensure stocks are replenished at short notice.

We are confident these measures will give us a clear competitive advantage particularly against imported products where long lead times apply.

Promotion

4.4.1 Sales management

We intend to appoint a full time sales representative to our team who will share sales calls with Mark. Using these resources we have developed a number of programs, as outlined below, to ensure sales targets are achieved.

Sales management functions checklist		
Function	Efficiency rating (Scale of 1 to 10)	Proposed action
Sales reps coverage of potential market	6	We intend to increase sales representative coverage from 60% of available retail outlets to 80% with the addition of one more salesman to service retailers outside the main metropolitan area
Call cycle frequency	7	We will grade retailers by potential sales volume and structure sales calls accordingly. "A" grade stores will receive fortnightly calls. "B" grade stores will receive monthly calls and "C" grade stores will be allocated bimonthly calls.
Quality of sales reps calls	7	We will provide sales persons with up to date customer records so that they can present sales status to retail buyers with suggested improvement opportunities
Sales territory allocation efficiency	6	We will conduct regular reviews to ensure minimum sales territory overlaps.
Quality of service to retail trade	7	We will provide sales persons with materials to allow them to professionally present industry trends and new product updates.
Sales training quality	4	We have neglected this area of our operations and intend to appoint external sales trainers to conduct half yearly training workshops on different aspects of the sales function.

4.4.2 Sales Development

We are committed to pursue each of the five basic sales development strategies in our marketing programs.

Retain existing customers

Raise the average sales value

Encourage repeat purchasing

Reinstate lapsed users

Expand the customer base

Sales development techniques – existing customers	
Sales technique	Proposed actions
Up selling	Offer work station customers a 10% cash back offer to upgrade to new product releases
Cross selling	Offer work station purchasers a 10% cash back offer on office chairs
Volume discounts	Offer retailers a 15% discount for two or more work station modules with a 10% discount passed on to consumers.
Reward programs	Offer customers a free computer monitor arm on three consecutive purchases in a two year period.
Bundling	Offer work station customers a 5% discount on the purchase of a small side table bundled with a work station
Incremental selling	Offer work station customers a 20% cashback with an additional purchase of a work station screen

Offers to existing customers will be made via our database email marketing program.

Recognizing that sales materials will be required to achieve the set objectives, high quality printed sales presenters will be developed to assist in sales presentations to retailer buyers and to supply them with material for referral to buying committees.

Sales development techniques - new customers	
Sales technique	Proposed actions
Personal recommendation	We will offer existing customers a 10% discount on their next purchase when they 'refer a friend' that results in a work station purchase.
Cold canvassing	We will develop a cold canvassing program at retail level calling on potential stockists via personal selling, telesales and email marketing.
Networking	We will join the Small Business Association in our area with a view to delivering presentations and networking among small business owners.
Advertising	We intend to advertise selected newspapers and small business magazines.
Internet marketing	We will develop a first class web site, and invest in search engine advertising.

4.4.3 Customer service

We intend to gain a competitive edge through providing our retail customers and end users with high standards of customer service. We regard our customers as ongoing – not once only purchasers. Our servicing plans are outlined below:

Customer service action list	
Customer service functions	Proposed actions
Customer focus	Retail trade: We intend to consult retail stockists in the development of the new range. We will assist them with merchandising and advertising. We will also conduct market research among potential end users
Product knowledge	Retail trade: We will communicate our products advantages over the competition to retail stockists and end users. We will supply buyers with regular updates on market segment trends.
Customer communications	Retail trade: We will constantly liaise with retail stockists to ensure they are carrying adequate but not excessive stocks. We will make sure we maintain a customer contact schedule that suits their individual needs. Consumers: We will maintain a dedicated help section in our web site and have a free call consumer advice facility for consumers.
Customer relations	Retail trade: We will honor our commitments to our trade customers to the letter and assist them wherever possible to improve their turnover in the product category. Consumers: We will provide end users with 12 month warranties on workmanship and parts

4.5 Advertising

4.5.1 Advertising objectives

After careful consideration we have defined our advertising objectives as follows:

Setting the advertising objectives	
Advertising Objective	How measured
<u>PRIMARY</u> Generate sales enquiries and convert enquires to sales at the six principal retail stockists	Sales written by each of the six principal stockists within two months of each advertising cycle.
<u>SECONDARY</u> Gain strong display space support from retail stockists by directing store traffic to them from our advertising and cooperative trade advertising.	We will maintain a register of retail display floor space allocated by each of the retailers listed in print advertisements, before, during and after advertising scheduling.
<u>OTHER</u>	(Specify)

4.5.2 Advertising responsibilities allocation

Sales and Marketing Manager Mark Miller will be responsible for all aspects of company advertising. As our advertising budget is deemed too small to warrant the appointment of an advertising agency we will use the creative services of the media with whom advertising is placed. We will also call upon the services of a marketing consultant in an advisory capacity and freelance specialists as required.

Advertising responsibilities allocation		
Advertising function	Scheduled completion date	Person responsible
Advertising budget allocation	(Date)	Mark (with Dennis' approval)
Setting the advertising brief	(Date)	Mark
Media selection	(Date)	Mark
Allocation of creative resources and development of creative material	(Date)	Mark
Advertising material approval	(Date)	Mark
Media placement	(Date)	Mark

4.5.3 Setting the advertising budget

After consideration of the key considerations shown below we have determined that we will initially commit 7% of budgeted gross revenue to advertising. If budgeted revenue remains on track as the year progresses, we will commit up to 10% of gross revenue to advertising. A breakdown of the advertising spend is detailed in the overall marketing budget.

Setting the advertising budget	
Considerations	Comments
Fixed % of budgeted revenue	Based on gross revenue of \$1.3M, (existing and new products) we have resolved that we are prepared to spend up to 37% of gross revenue on marketing in year 1 to establish the new product range. Within this we will invest around 7% of gross revenue on advertising. This equates to an advertising budget of \$91,000
Acceptable investment level	We consider that an initial advertising budget of \$91,000 is an acceptable investment in advertising in Year 1. We have allocated a reserve of \$39,000 in the overall marketing budget which will be added to the advertising budget if budgeted revenue remains on track. This would create a maximum advertising budget of 10% of gross sales.
Past spend levels	We have not advertised to any extent in the past
Cost estimate on a line by line basis of media and production costs	We have estimated that the budget allocated is adequate to fund the scale of advertising we require to achieve the set objectives.
Competitors' spend levels	We do not yet have any direct competitors with whom to compare spend levels
Advertising budget allocation	Up to a maximum of \$130,000 in year 1.

4.5.4 The creative brief

Following strategic review we have summarized the creative brief below consistent with all other elements of the marketing plan.

The Creative Brief	
Product or service:	SoHo workstation modules
Overall marketing objective:	Create and dominate a new product segment among the small office and home office market segments.
Primary advertising objective:	Generate sales enquiries and convert enquiries to sales at the six principal retail stockists
Secondary advertising objective:	Gain prominent display space from stockists by directing sales traffic to them from our advertising and cooperative trade advertising.
Target market:	Small office/home office managers who are early adopters of new technology
Product proposition:	Maximize efficiency – minimize floor space with SoHo work stations
Product positioning:	The ultimate in high tech work stations for upscale Small Offices/Home Offices
Desired brand image:	Technologically advanced, premium quality, flexible in use
Desired net impression:	The ultimate in small office/home office furniture for users of high tech computer technology
Advertising budget:	The total maximum ad budget for year 1 is \$130,000

4.5.5 Media selection

Media Selection Criteria		
Product: SoHo modular work stations		
<input checked="" type="checkbox"/> Cost effective reach of target market	<input checked="" type="checkbox"/> Retention of ads for future reference	<input checked="" type="checkbox"/> Ability to offer discount or other offer coupons
<input checked="" type="checkbox"/> Show the product	<input checked="" type="checkbox"/> List stockists	<input checked="" type="checkbox"/> High impact
<input checked="" type="checkbox"/> Color	<input checked="" type="checkbox"/> Sound	<input checked="" type="checkbox"/> Movement (video)
<input checked="" type="checkbox"/> Short lead times	<input checked="" type="checkbox"/> Low production costs	<input checked="" type="checkbox"/> List product benefits
<input checked="" type="checkbox"/> List product specifications	<input checked="" type="checkbox"/> Response rate measurement	<input checked="" type="checkbox"/> Repetition
Preferred media option/s		
<input checked="" type="checkbox"/> TV <input checked="" type="checkbox"/> Radio <input checked="" type="checkbox"/> Newspapers <input checked="" type="checkbox"/> Magazines <input checked="" type="checkbox"/> Outdoor <input checked="" type="checkbox"/> Cinema <input checked="" type="checkbox"/> Direct marketing <input checked="" type="checkbox"/> Telemarketing <input checked="" type="checkbox"/> Internet <input checked="" type="checkbox"/> Search engine advertising <input checked="" type="checkbox"/> Yellow pages and other directories <input checked="" type="checkbox"/> Other (Specify)		

Geographical markets we need to reach: San Diego and surrounding districts

Budget allocated: Up to a maximum of \$130,000 in Year 1

Conclusions: Print media meets our criteria more efficiently than electronic media. We envisage a mix of ads in local newspapers and participation in cooperative retailers advertising and catalogs.

In reviewing the available media options we have concluded that highly targeted print media would be ideal to illustrate the modular product concept including the unique product features we have developed.

We have decided to allocate a significant part of our marketing budget on participation in retailers' cooperative advertising and catalogs in the first year. In doing this we believe it will serve the purpose of directing the target audience to the point-of-purchase while this will help to gain support from participating stockists in the allocation of free or low cost in-store display space.

In addition we will:

Place advertisements in newspaper and magazine features targeted at small office/home office managers.

Produce dedicated product brochures and flyers for distribution at point-of-sale.

Place a small display advertisement in the Yellow Pages.

Produce high quality sales presenters as tools for the "sell-in" of the new product range.

Erect on-site signage at our premises to advertise the new product range to passing traffic.

We have also made an allocation for search engine advertising as detailed in the 'On-line Marketing' section of this plan as we believe our prime prospects are likely to be heavy users of this medium.

4.5.6 Advertising research

As our advertising budget is comparatively small the use of external research resources is not initially warranted. Instead we will implement a series of effective but low cost measures as shown below.

Advertising research checklist	
Research Method	Comments
Measure store traffic	We will seek and monitor retailers feedback
Discount and cashback coupons	We will experiment with cashback offers in selected print media to gauge response rates
Dedicated telephone hotline number	We will have a dedicated hotline phone number to measure the Yellow Pages advertising response rate
Customer surveys	We will consider implementing a customer survey in the second year which focus on target market awareness of our brand and products
Seek customers feedback	We will conduct a telephone survey to measure advertising awareness upon receipt of customers' warranty cards.
Web site hits	We will use Google Analytics to measure web site 'hit's before during and after advertising scheduling.

4.6 Sales promotion

Mindful of the need to get the new product range off to a successful start we have allocated funds to finance the following promotional activities:

Promotional DVD: We will produce a promotional DVD to demonstrate the functionality of the range and ease of assembly to show at trade shows and exhibitions as well as on a rotating basis in selected retail outlets.

Cash incentives and allowances: We will provide cash incentives for product listings and floor displays on a managed rolling basis. This will be overlaid with allowances for periodic temporary price reductions or cash backs tied in with participation in dealers' catalogues and promotions

Promotional merchandise: We intend to produce a supply of promotional merchandise such as branded caps, T-shirts, diaries and calendars for distribution to dealers at the trade launch function and the office furniture exhibition.

Sales promotion planning schedule				
Product: SoHo work modular stations				
Objective	Promotion type	Timing & duration	Budget \$'s	Coordinator
Create retail trade awareness & interest	Hold a product launch function for retailers to sell the new range	End 2009	10,000	Mark
Gain distribution and floor displays in retail stockists	Provide cash incentives and allowances for product listings and floor displays on a selective basis.	Two week promotions each quarter in the first year	30,000	Mark
Maintain trade and consumer interest and sales impetus	Periodic price reductions tied in with retailers advertising and promotions.	Two week promotions tied in with retail promotions and floor displays	20,000	Mark
Demonstrate the functionality and ease of assembly of the new product line to the trade and end users.	Produce a promotional DVD for use at trade shows and in displays at selected retail stockists.	On a selective rotating basis	10,000	Mark
Establish and maintain awareness of the brand and product range	Produce a supply of promotional merchandise such as branded caps, T-Shirts, diaries and calendars	In the initial four week product launch period	5,000	

4.7 Trade shows and exhibitions

We have allocated funds for a stand at the FURNITEX office furniture exhibition to present the new range to the retail trade and potential end users among the public. The stand will be manned by Mark and the new sales representative. We will display assembled SoHo work station modules, demonstrate the product's features and show the proposed promotional DVD.

Trade Shows and Exhibitions Activity Schedule			
Product	SoHo work modular stations		
Trade show name	FURNITEX office furniture exhibition		
Target market	Retail trade buyers and Small office/home office workers		
Objective	Reveal the new range to the retail trade and potential end users		
Proposed activities	We will book a small stand to display assembled SoHo work station modules, demonstrate the product's features and play the proposed promotional DVD. We will also use the event to write orders and provide trade hospitality.		
	Timing & duration	Budget \$'s	Coordinator
	March 10 -17, 2010	15,000	Mark

4.8 On-line marketing and e-commerce

4.8.1 Web site functionality

A quality web site is a key part of our marketing strategy as our target market is very internet oriented. Web site functions, contents, actions and maintenance checklists are summarized in the template below.

On line marketing and e-commerce checklist	
Product: SoHo modular work stations	
What functions do we require from our web site?	<input checked="" type="checkbox"/> Showcase our products <input checked="" type="checkbox"/> Generate sales enquiries via contact links <input checked="" type="checkbox"/> Build a database for sales leads <input checked="" type="checkbox"/> Conduct e-commerce transactions via the Internet <input checked="" type="checkbox"/> Content management system <input checked="" type="checkbox"/> Database email marketing facility <input type="checkbox"/> Other
Contents checklist	<input checked="" type="checkbox"/> Product range catalogue <input checked="" type="checkbox"/> Competitive advantages list <input checked="" type="checkbox"/> Company history, mission statement and executives profiles <input checked="" type="checkbox"/> e-mail contact facility <input checked="" type="checkbox"/> Shopping cart facility <input checked="" type="checkbox"/> Credit card transaction facilities
Action checklist	<input checked="" type="checkbox"/> Determine and assemble content <input checked="" type="checkbox"/> Engage web site designer <input checked="" type="checkbox"/> Appoint internet service provider <input checked="" type="checkbox"/> Appoint web server <input checked="" type="checkbox"/> Arrange merchant (credit card transaction) facilities <input checked="" type="checkbox"/> Exchange links with complementary sites
Maintenance checklist	<input checked="" type="checkbox"/> Continually improve and update web graphics and content <input checked="" type="checkbox"/> Continually improve products/ services featured on the site <input checked="" type="checkbox"/> Continue to seek new links with complementary sites <input checked="" type="checkbox"/> Continue to place strategic advertising on search engines/analyze results/refine markets/budgets and key words

4.8.2 Web site promotion strategies

We are well aware that web sites need to be constantly updated and promoted. To this end we will implement a program comprised of web site promotion, Search Engine optimization and Search Engine Advertising

Web site promotion strategies	
Product: SoHo modular work stations	
Web site promotion checklist	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Include URL in all new stationery <input checked="" type="checkbox"/> Include URL in all sales materials <input checked="" type="checkbox"/> Include URL in all e-mail signatures <input checked="" type="checkbox"/> Include URL in all print and advertising materials
Search engine optimization (SEO)	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Submit the site to all major search engines including Google, Yahoo, Bing and AltaVista. <input checked="" type="checkbox"/> Appoint a SEO specialist to ensure the site is search engine friendly
Search engine advertising	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Select the search engine/s with whom we will advertise <input checked="" type="checkbox"/> Select target markets (countries/regions/cities/languages) <input checked="" type="checkbox"/> Research and write ad text and select keywords <input checked="" type="checkbox"/> Set pricing – cost per click and budget per period <input checked="" type="checkbox"/> Monitor ongoing results from online performance reports and modify strategy accordingly.

4.9 Merchandising

We understand the need to ensure our products are prominently displayed on retail floors while acknowledging the competition that exists for available floor a space.

Initially we are prepared to consider **consignment stock** supply for floor displays if this enables us to secure initial listings with retailers who we have identified as priority stockists of our products.

Our merchandising program is summarized below:

Merchandising Program – Year 1.		
Retail Outlet/Store Type	Proposed Merchandising Activity	Proposed Merchandising Materials
Office supply chains (e.g. Officeworks)	Floor stack displays of flat packs where display space is limited. Supplement with show cards showing assembled product	Large strutted show cards Flyers for distribution at point-of sale to highlight the modular expansion concept, the locking device feature and product dimension details.
Office furniture retailers	Floor displays of assembled products. Supplement displays with quality point of sale materials	Flyers for take home reference
Domestic furniture retailers	As above	As above

4.10 Public Relations and Publicity

As we have produced a new concept in office furniture we believe the story has sufficient news value to be of interest to specialist small business, computer and trade magazines.

We therefore intend to produce a press kit complete with high quality digital photography and a professionally written media release that will describe the product concept in detail and show it in a work situation environment

The press kit will be mass circulated to furniture, small business and computer technology magazines nationally. It will include market dynamics that have led to the development of the new product and detail the unique product features developed for the range.

Copies of published articles will be circulated to current and potential retailers with personalized letters.

As a trade relations exercise we intend to invite key trade buyers and trade magazine journalists to a launch function at our showroom where they will be able to view assembled samples of the new range. We will provide first class catering, entertainment and door prizes at the function.

Public relations & publicity activity program	
Product: SoHo work station modules	
Program 1 description	Press kit for product launch
Objectives	Gain publicity to create awareness and generate interest in the new range.
Target market	Potential end users and decision makers in the office supply and retail furniture outlets we have targeted.
Proposed media	Specialized office furniture and computer technology magazines.
Format	The kit will include quality photography of the product concept in a work environment situation. The kit will refer to market dynamics which have inspired the product's development, the market gap the range will fill and the unique product features developed for the new product line. Copies of published articles will be sent to potential stockists via a direct mail.
Budget allocated	\$ 5,000
Program 2 description	Trade and media function
Objectives	Gain publicity to create awareness and generate interest in the new range.
Target market	Decision makers in the office supply and retail furniture outlets we have targeted. Specialized office furniture and computer technology magazines journalists
Proposed media	Specialized office furniture and computer technology magazines.
Format	Tied in with the furniture exhibition in which we will participate we will invite key trade customers and trade magazine journalists to an organized launch function at our showroom where they will be able to view assembled samples of the new range. We will provide first class catering, entertainment and door prizes to create interest.
Budget allocated	\$ 16,000

4.11 Sponsorship

We will co-sponsor the “Small Business of the Year” award at the Furnitex Office Furniture exhibition in which we will participate. This will give us the opportunity to get a ‘plug’ at the prize presentation ceremony and in the competition entry form. Sponsorship will give us access to the entrants contact details to enable us to run a direct mail campaign to reach this prime target market.

Other small cost sponsorship opportunities will be evaluated on a cost/benefit basis as opportunities arise.

Sponsorship Programs	
Product: SoHo work station modules	
Program description	Co-sponsorship of the ‘Small Business of the Year’ award at the Furnitex Exhibition
Objectives	Contribute to the development of an awareness profile for the new range.
Target market	Potential end users and decision makers in the office supply and retail furniture outlets we have targeted.
Benefits	We will gain the opportunity to address the audience at the prize presentation ceremony. We will have prominent branding in the competition entry form and other associated literature. We will have access to all the entrants contact details to enable us to conduct an e-mail marketing campaign targeted to t this prime target market.
Budget allocated	The cost will be limited to the donation of a SoHo work station module to the winner of the award.

4.12 Corporate Communications

We will produce a small but selective range of corporate communications materials to assist our sales activities at both trade and end user levels.

Corporate Communications Materials Program		
Product: SoHo work station modules		
Item	Communications objectives	Target market
Prestige product brochure in hard copy and pdf formats	For use as a sales presenter to assist in gaining retail trade orders	Office furniture retailers
Product flyers for use as a handout at point-of-sale, and trade exhibitions and as a utility mailer.	To provide potential customers with detailed product information.	Prospective end users
DVD for use at trade exhibitions and in conjunction with in-store displays	Demonstrate ease of assembly and functionality	Prospective end users and retail trade

4.13 Direct Marketing and Database Marketing

Mindful of the cost efficiency of direct marketing we will develop and maintain trade and consumer databases that will give us the opportunity to keep in close touch with our customers at retail trade and consumer levels. The consumer data base will be compiled from on-line product registrations supplemented with 'newsletter subscribes' received from the web site.

Direct marketing & database marketing programs		
Product: SoHo work station modules		
Program	Communications objectives	Target market
Broadcast email marketing	'Up sell' and 'cross sell' via an e-Newsletter. Communicate work station product developments.	Small office and home office purchasers and potential purchasers
Direct mail	Pre -sell the concept prior to sales reps initial sales call.	Potential retail buyers
Telesales	Promote awareness of the product line and to schedule sales call appointments and monitor retail stock levels	Retail buyers and store managers.

PART 5 FINANCIAL STATEMENTS

5.1 Marketing Budget

The marketing budget for Year I has been allocated as detailed below: This represents an investment of around one third of total revenue in Year 1 to allow us to successfully launch the new range. We are fully aware that the spend level is high, however we have taken the view that an aggressive launch program is needed to develop and claim market leadership of the new product segment. The ratio of marketing spend to revenue will be gradually scaled back in subsequent years as the income generated by the new range grows to a more sustainable level.

Marketing Budget for Year (insert calendar or financial year)					
Item	Budget	Item	Budget	Item	Budget
	\$'s		\$'s		\$'s
Media Advertising		Print		Other	
TV and radio	0	Corporate brochures & flyers	20,000	Public relations & publicity	5,000
Newspapers and magazines	30,000	Sales presenters	10,000	Trade functions	16,000
Outdoor advertising	0	Product catalogs	30,000	Market research	10,000
Directory advertising	1,000	Merchandising & display materials	40,000	Showroom upgrade	50,000
Media production costs	5,000			Packaging materials design	5,000
Ad agency and consultants fees	10,000			Product development	30,000
Sub total	46,000	Sub total	100,000	Sponsorships	2,000
				Signage	10,000
Promotions		Online Marketing & e-Commerce		Sub total	128,000
Sales promotions - consumer	0	Web site development and maintenance	20,000		
Sales promotions - trade	20,000	Search engine advertising	10,000		
Sales incentive schemes	30,000	Search engine optimisation	2,000		
Trade shows & exhibitions	15,000	Database marketing	5,000		
Promotional videos & DVD's	10,000			Contingency	39,000
Direct marketing	10,000			Total Marketing	480,000
Promotional merchandise	5,000				
Cooperative trade promotions	40,000				
Sub total	130,000	Sub total	37,000		

This list is not intended to be a complete list of marketing budget items. Your business may use some of these categories and others not included above that are specific to your business category.

5.2 Financial Statement

The financial statement forecast shows sales of existing products will slow in the next three years but will be more than replaced by turnover generated from the launch of our new workstations products. We will spend considerably more than we have in the past on marketing to the extent that we are prepared to produce a marginal profit only in Year 1 in order to build profits in years 2 & 3 while maintaining a large investment in sales and marketing. The plan is based on achieving a net profit before tax of \$615,000 in year 3 which will equate to 32% of gross turnover. We believe this forecast is achievable while recognizing that spend levels and investment in product innovation will need to be maintained in the development phase. The following profit and loss forecast is based on sales being achieved at the 'Most likely' level.

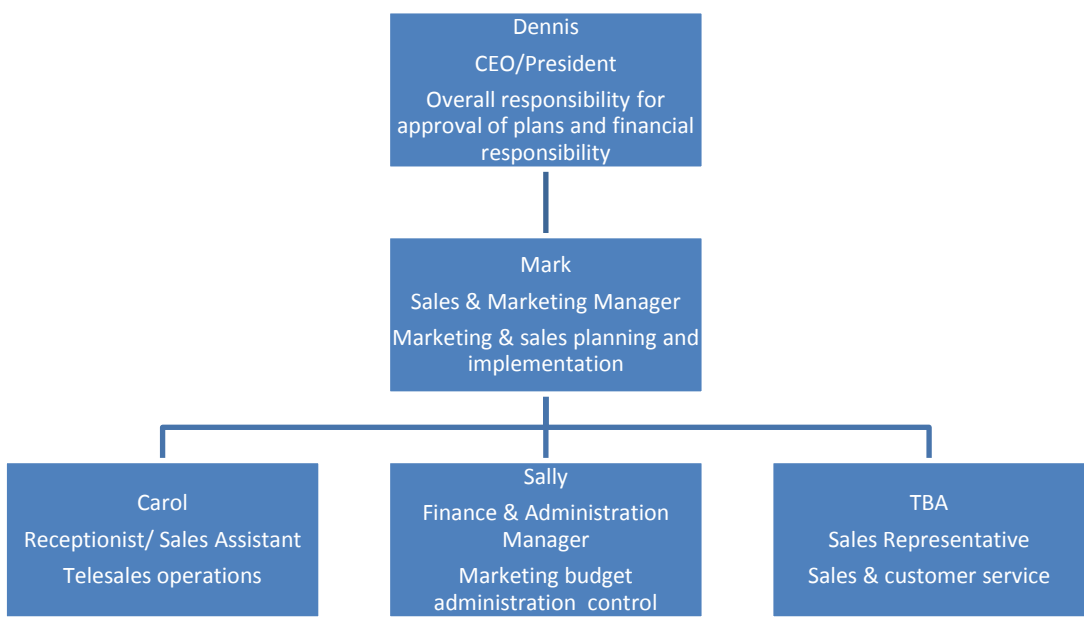
	Pessimistic	Most likely	Optimistic	Pessimistic	Most likely	Optimistic	Pessimistic	Most likely	Optimistic
Sales									
Desks	630	700	770	570	630	690	510	560	625
Returns	180	200	220	160	180	200	145	160	180
Screens	90	100	110	80	90	100	73	85	90
Work stations (New product)	280	300	320	500	600	650	900	1095	1195
Total revenue	1180	1300	1420	1310	1500	1640	1628	1900	2090
Direct costs									
Desks	158	175	192	145	157	170	131	140	156
Returns	45	50	55	40	45	50	36	40	45
Screens	22	25	28	20	23	25	18	20	24
Work stations (New product)	70	75	80	125	150	165	225	275	300
Total costs	295	325	355	330	375	410	410	475	525
Gross margin	885	975	1065	980	1125	1230	1218	1425	1565
% of sales	75	75	75	75	75	75	75	75	75
Less expenses									
Marketing	480	480	480	515	515	515	550	550	550
% of sales	41	37	34	39	34	31	34	29	26
Admin & overheads	240	240	240	250	250	250	260	260	260
% of sales	20	18	17	19	17	15	16	14	12
Total operating expenses	720	720	720	765	765	765	810	810	810
% of sales	61	55	51	58	51	47	50	43	39
Earnings before interest and tax	165	255	345	215	360	465	408	615	755
% of sales	14	20	24	16	24	28	25	32	36

PART 6: IMPLEMENTATION & CONTROLS

6.1 Sales & marketing personnel

Mark will have responsibility for marketing and sales planning and implementation. He reports to Dennis who has overall responsibility for approval of plans and financial responsibility. Carol reports to Mark on receptionist/sales assistant and telesales responsibilities. Sally reports to Mark on marketing budget administration control. The sales representative appointee will report to Mark and share sales and customer service responsibilities.

Sales & marketing organization chart



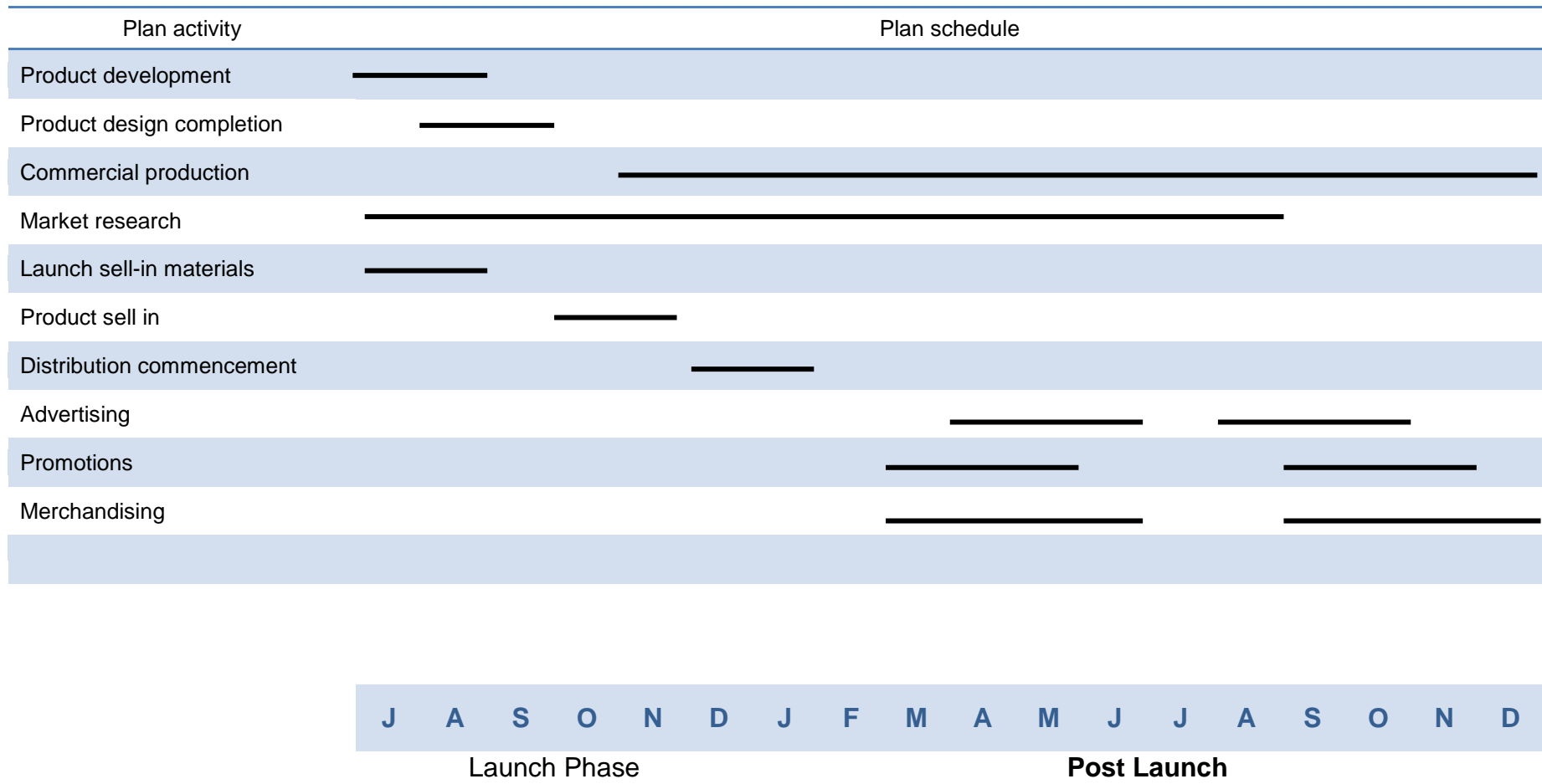
6.2 Action plan

The action plan for Stage 1 - the initial development stage is summarized below. This will subsequently be progressed to include Stage 2 – the commercial production and product launch stage and Stage 3 – post launch sales and marketing.

Action Plan Stage 1. Product development and Marketing Research				
Development stage	Action steps	Target completion date	Person responsible	Results achieved
Market research	Qualitative consumer concept product research	Completed	Mark	Positive consumer demand confirmed. Improvements identified.
	Test reaction to prototype among target market	July 2010	Mark	Excellent responses received to date.
Product development	Research global development in work station modules	January 2010	Mark	Some good ideas identified from web research
	Finalize product design & specifications	March 2010	Mark/Dennis	Preliminary designs look promising
	Product prototype	June 2010	Dennis	Produced on schedule
	Commence commercial production	September 2010	Dennis	On schedule
Packaging development	Commence flat pack design and specifications with packaging supplier	March 2010	Dennis/Mark	On schedule
	Brief graphic designer for flat pack graphics design including essential text such as assembly instructions	June 2010	Mark	On schedule

6.3 Implementation Schedule

The action plan will be synchronized to the following implementation schedule. Other components to the plan will be added as the product roll-out progresses



6.4 Review & evaluation schedule

The schedule below will be progressively developed as the launch program rolls out. Monitoring and evaluation of results achieved will provide the opportunity for timely and effective remedial action

Item	Progress Evaluation	Effectiveness 1 – 10	Proposed Changes	To be actioned by
Product development	Outstanding concept developed	9	Modifications required to locking device	Dennis
Product design completion	Designs completed on time and on budget	8	Modifications to desking screens required	Dennis
Commercial Production	Excellent quality. Need more flexibility to meet immediate orders	8	We need some adjustments to factory stock levels	Dennis
Market Research	Need more info on price elasticity	8	Implement a study among initial purchasers to include price reaction	Mark
Launch materials	On time and on budget. Worked well	9	No further action required	
Product sell in	On schedule. Could have done better detailing concept to retail sales people	7	Need to start planning for expansion into NSW	Mark
Distribution	Mostly on schedule. Missed a couple of important deadlines	6	Need to review further stockist opportunities	Mark
Advertising	Seems to be working well. Retailers like it.	8	More of the same for now	Mark
Promotions	Budget for temporary price reductions overspent but concept worked well	6	Need tighter controls to monitor allowances for temporary price reductions	Mark
Merchandising	Only 65% of targeted in-store displays achieved in first year	6	Consider engaging a part time merchandiser to assemble and erect displays in accordance with agreements reached with store managers.	Mark