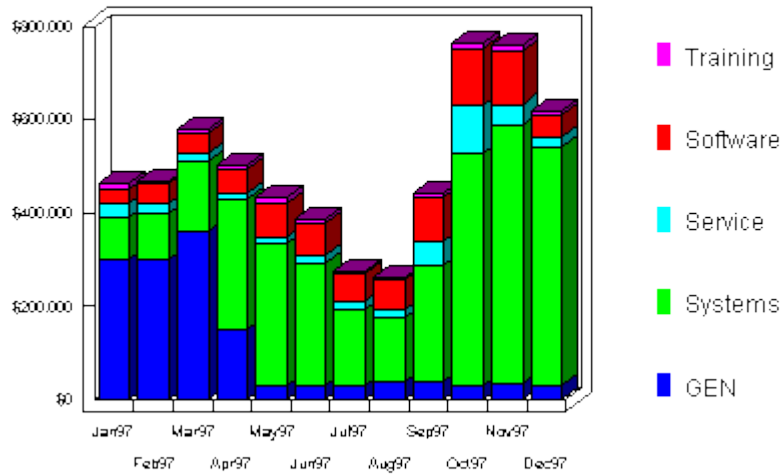


Sample Marketing Plan 1.0 Executive Summary

Our new marketing focus, made explicit in this plan, renews our vision and strategic focus on adding value to our target market segments, the small business and high-end home office users, in our local market.

American Technology will change its focus to differentiate itself from box pushers and improve the business by filling the real need of small business and high-end home office for reliable information technology including hardware, software, and all related services. Our marketing challenge is to position our product and service offerings as the high-quality, high value-add alternative to box pushing in a vacuum.

Planned Sales by Month

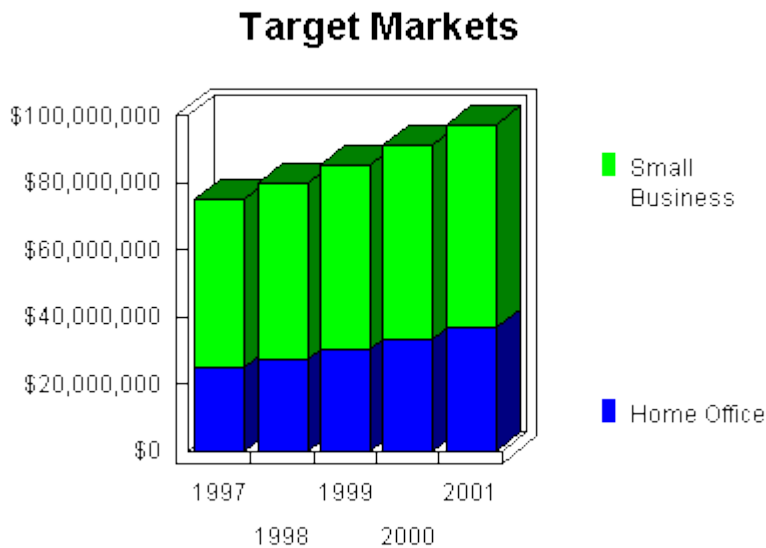


Product	1997
GEN	\$1,372,500
Systems	\$3,293,500
Service	\$380,000
Software	\$799,250

Training	\$113,000
Totals	\$5,958,250

1.1 Vision

AMT is built on the assumption that the management of information technology for business is like legal advice, accounting, graphic arts, and other bodies of knowledge, in that it is not inherently a do-it-yourself prospect. Smart business people who aren't computer hobbyists need to find quality vendors of reliable hardware, software, service, and support. They need to use these quality vendors as they use their other professional service suppliers, as trusted allies.



AMT is such a vendor. It serves its clients as a trusted ally, providing them with the loyalty of a business partner and the economics of an outside vendor. We make sure that our clients have what they need to run their businesses as well as possible, with maximum efficiency and reliability. Many of our information applications are mission critical, so we give our clients the assurance that we will be there when they need us.

1.2 Objectives

1. Increase sales by 20%

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- SBA, Bank and VC approved format

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2. Increase gross margin to more than 25%.

3. Increase our non hardware sales to 65% of the total.

2.0 Target Markets

AMT focuses on small business in the local market, with special focus on the high-end home office and the 520unit small business office.

Market	1997	1998	1999	2000	2001	Total
Home Office	\$25,000,000	\$27,500,000	\$30,250,000	\$33,275,000	\$36,602,500	\$152,627,500

Small Business	\$50,000,000	\$52,500,000	\$55,125,000	\$57,881,250	\$60,775,313	\$276,281,563
Totals	\$75,000,000	\$80,000,000	\$85,375,000	\$91,156,250	\$97,377,813	\$428,909,063

2.1 Market Definition and Segmentation

We have broken our markets into groups according to standard classifications used by market research companies: home offices and small business.

Exact definitions of these market segments is not necessary for our marketing planning purposes here; general definitions will suffice. We know our home office customers tend to be heavy users, wanting high-end systems, people who like computing and computers. The low-end home office people buy elsewhere. We also know that our small business customers tend to be much less proficient on computers, much more likely to need and want handholding, and much more likely to pay for it.

Target Markets for 1997



2.2 Target Market Segment Strategy

We cannot survive just waiting for the customer to come to us. Instead, we must get better at focusing on the specific market segments whose needs match our offerings. Focus on targeted segments is the key to our future.

Therefore, we need to focus our marketing message and our product offerings. We need to develop our message, communicate it, and make good on it.

2.3 Target Market: Home Office

The home offices in Tin town are an important, growing market segment. Nationally, there are approximately 30 million home offices, and the number is growing at 10% per year. Our estimate in this plan for the home offices in our market service area is based on an analysis published four months ago in the local newspaper.

Home offices include several types. For our plan, the most important are the home offices that serve as the only offices of professional firms. These are likely to be professional services such as graphic artists, writers, and consultants, also some accountants and the occasional lawyer, doctor, or dentist. There are also individuals who maintain home offices for part-time use, including "moonlighters" and hobbyists. This segment is not who AMT wishes to sell to; our marketing focus consists of professionals and entrepreneurs who maintain a full-time office. In this plan, we will refer to customers in the home office segment as HOs.

2.3.1 Needs and Requirements

Our target HOs are on average as dependent on reliable information technology as any other businesses. They care more about reliable service and confidence than about the rock-bottom lowest price. They don't want to rely solely on their own expertise, so they choose instead to deal with us with our promise of service and support when needed.

Our standard HOs will be one system installations, no networks, much more powerful systems than the average small business. Fax modems, voicemail, and good printers are likely. They tend to be interested in desktop publishing, accounting, Internet, and administration software as well as their job specific software needs.

It's important that we realize we won't be selling to the price oriented HO buyers. We'll be able to offer an attractive proposition to the service oriented and security oriented buyers only.

2.3.2 Distribution Channels

Unfortunately our HO target buyers may not expect to buy with us. Many of them turn immediately to the superstores (office equipment, office supplies, and electronics) and mail order to look for the best price, without realizing that there is an option that provides greater value for dollars.

2.3.3 Competitive Forces

Our focus group sessions indicated that our target HOs consider price but they would buy on quality service if the offering were positioned correctly. Price is the message they're exposed to again and again; they have been trained to shop on price. We have very good indications that many would much rather pay 1020% more for a relationship with a long-term vendor providing backup and quality service and support; they end up in the box pusher channels because they aren't aware of the alternatives.

Availability is also very important. The HO buyers tend to want immediate solutions to problems. Consequently, they can be subjected to high-pressure, under-trained salespeople who may not be able to factor in all of a customer's needs.

2.3.4 Communications

One of the best places to reach the target HO is the local newspaper. Unfortunately, that medium is saturated with pure price only messages, and we'll have to make sure that our message is accurately stated.

Radio is potentially a good opportunity. Our HO target buyers listen to local news, talk shows, and sports. Sponsoring a technology discussion/callin talk show is a possibility.

Seminars are a tough sell. The target HO buyer rarely has time for seminars. They think most seminars are low content sales pitches, and many times they are correct. The challenge here is to communicate how our information adds value to their enterprise while selling our organization in a subtle, indirect fashion.

2.3.5 Keys to Success

The main key to success with HO buyers is making the product and marketing positioning clear. Many potential buyers would much prefer our offering to the box only offerings of the chain stores and mail order sources, if only they possessed adequate information to conduct a value-add cost/benefit analysis.

Word of mouth is critical in this segment. We will have to make sure that once we gain a customer, we never lose them. To help accomplish this, we must work to reinvigorate relationships through successful database marketing, among other means.

We must always remember to sell the company, not the product. They have to understand they are taking on a relationship with AMT, not just buying boxes. Boxes they can get cheaper elsewhere.

2.4 Target Market: Small Business

Small business in our market includes virtually any business with a retail, office, professional, or industrial location outside of someone's home, and fewer than 30 employees. We estimate 45,000 such businesses in our market area.

The 30employee cutoff is arbitrary. We find that the larger companies turn to other vendors, but we can sell to departments in larger companies, and we shouldn't be giving up leads when we get them.

2.4.1 Needs and Requirements

Our target SBs are very dependent on reliable information technology. They use the computers for a complete range of functions beginning with the core administration information such as accounting, shipping, and inventory. They also use them for communications within the business and outside of the business, and for personal productivity. They are not, however, large enough to have dedicated computer personnel such as the MIS departments in large businesses. Ideally, they come to us for a long-term alliance, looking to us for reliable service and support to substitute for their in-house people.

These are not businesses that want to shop for rock-bottom price through chain stores or mail order. They want to be sure they have reliable providers of expertise.

Our standard SBs will be 520 unit installations, critically dependent on local area networks. Backup, training, installation, and ongoing support are very important. They require database and administrative software as the core of their systems.

2.4.2 Distribution Channels

The SB buyers are accustomed to buying from vendors who visit their offices. They expect the copy machine vendor, office products vendors, and office furniture vendors, as well as the local graphic artist, freelance writer, or whoever, to come visit their office to make their sales.

There is usually a lot of leakage in adhoc purchasing through local chain stores and mail order. Often the administrators try to discourage this, but are only partially successful.

2.4.3 Competitive Forces

The SB buyers understand the concept of service and support, and are much more likely to pay for it when the offering is clearly stated.

There is no doubt that we compete much more against all the box pushers than against other service providers. We need to effectively compete against the idea that business should buy computers, the heart of their business, as plug-in appliances, that don't need ongoing service, support, and training.

2.4.4 Communications

One of the best places to reach the target SB is the local newspaper. Unfortunately, that medium is saturated with pure price only messages, and we'll have to make sure that our message is excellently stated.

Radio is potentially a good opportunity. Our SB target buyers listen to local news, talk shows, and sports. Sponsoring a technology discussion/call-in talk show is a possibility.

Seminars are a good marketing opportunity with SBs. Employees are often happy to leave their normal routines for a day to learn something new.

2.4.5 Keys to Success

The main key to success is making the product positioning clear. Many potential buyers would much prefer our offering to the box only offerings of the chain stores and mail order sources, if only they knew the tradeoffs.

Word of mouth is critical in this segment. We will have to make sure that once we gain a customer, we never lose them.

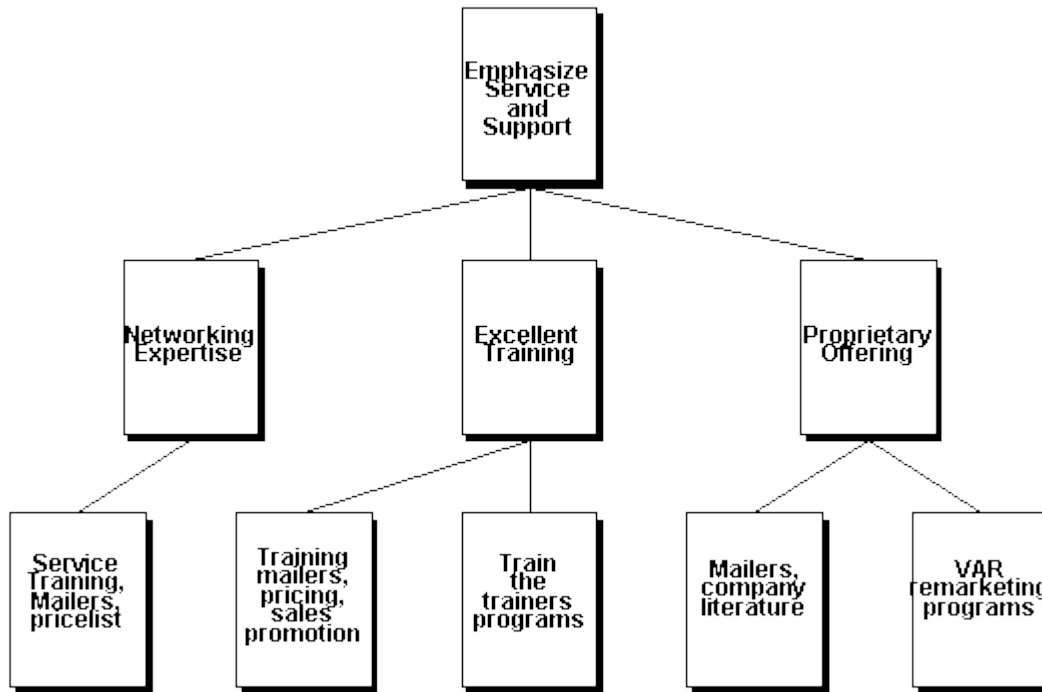
We must always remember to sell the company, not the product. They have to understand they are taking on a relationship with AMT, not just buying boxes. Boxes they can get cheaper elsewhere.

3.0 Marketing Plan Strategy

AMT will change its focus to differentiate itself from box pushers and improve the business by filling the real need of small business and high-end home office for reliable information technology including hardware, software, and all related services.

3.1 Emphasize Service and Support

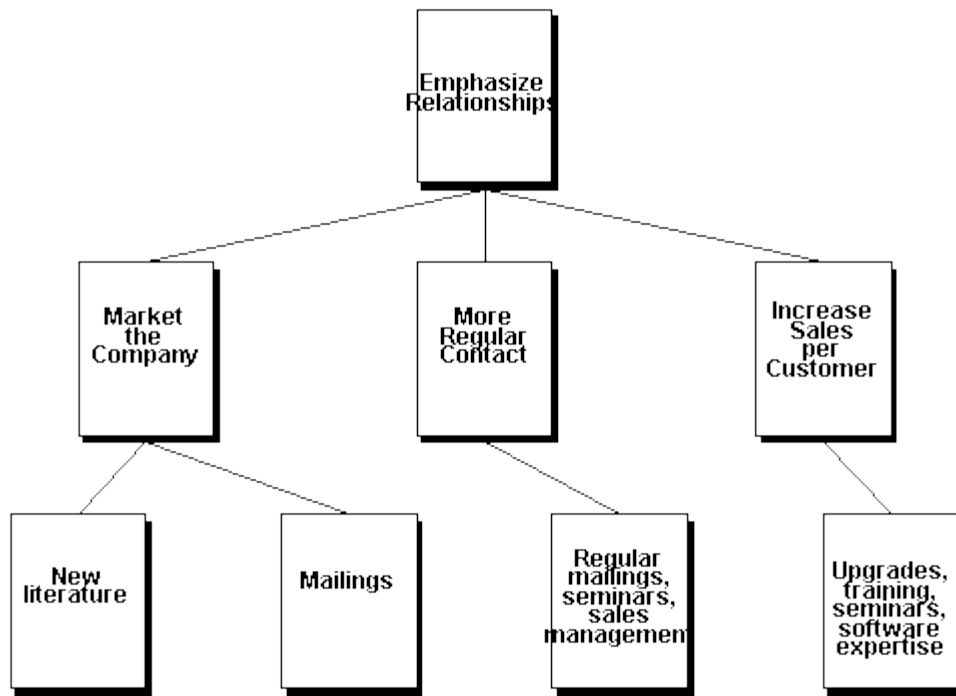
We must differentiate ourselves from the box pushers. We need to establish our business offering as a clear and viable alternative, for our target market, to the price only kind of buying.



3.2 Emphasize Relationships

We need to focus our offerings on small business as the key market segment we should own. This means the 520unit system, tied together in a local area network, in a company with 550 employees. Our values training, installation, service, support, knowledge are more cleanly differentiated in this segment.

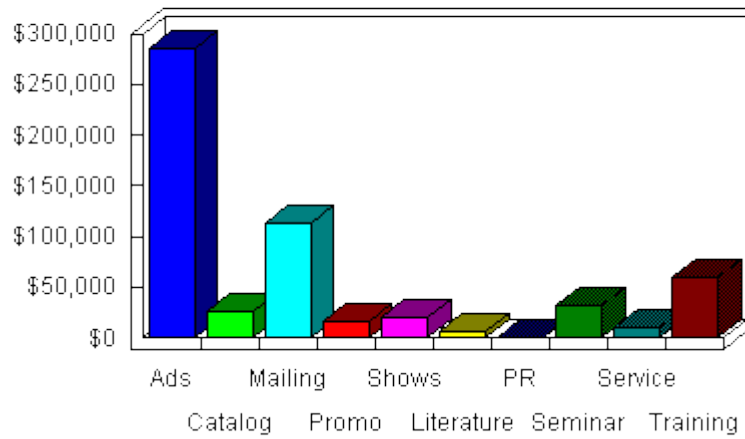
As a correlary, the high end of the home office market is also appropriate. We do not want to compete for the buyers who go to the chain stores or mail order, but we definitely want to be able to sell individual systems to the smart HO buyers who want a reliable full service vendor.



4.0 Expense Budget Summary

The following marketing budget comes to a total of less than \$450K. This is actually a decrease over the \$485K we spent this year on the marketing budget. We believe we can get more effective marketing with less money, because we are managing the marketing better with the Marketing Plus software by Palo Alto Software.

Planned Expenses by Type for 1997



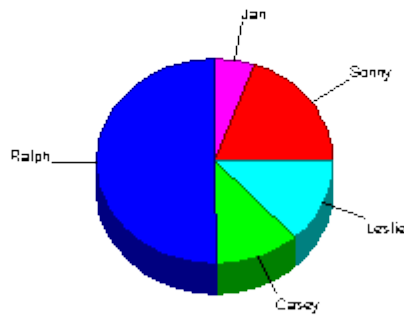
Type	1997
Ads	\$285,000
Catalog	\$25,000
Mailing	\$113,300
Promo	\$16,000
Shows	\$20,200
Literature	\$7,000
PR	\$1,000
Seminar	\$31,000

Training	\$60,000
Service	\$10,250
Totals	\$568,750

4.1 Expense Budget by Manager

Budget by Manager: As the following table and chart show, the largest budget piece is the \$151K (almost entirely advertising budget) managed by Ralph.

Planned Expenses by Manager for 1997



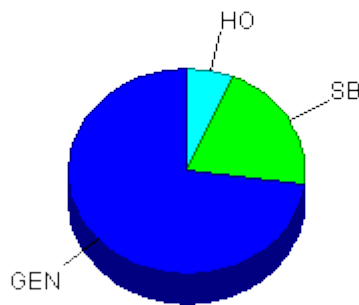
Manager	1997
Ralph	\$286,000
Casey	\$65,700
Leslie	\$75,000
Sonny	\$111,050

Jan	\$31,000
Totals	\$568,750

4.2 Expense Budget by Markets

Most of our budget falls into the general category that applies to both target markets. This is because much of the spending is impossible to divide into specific market categories. Of the portion of the budget that is specific, by far the largest share falls into the small business market, because this tends to lead the market.

Planned Expenses by Markets for 1997

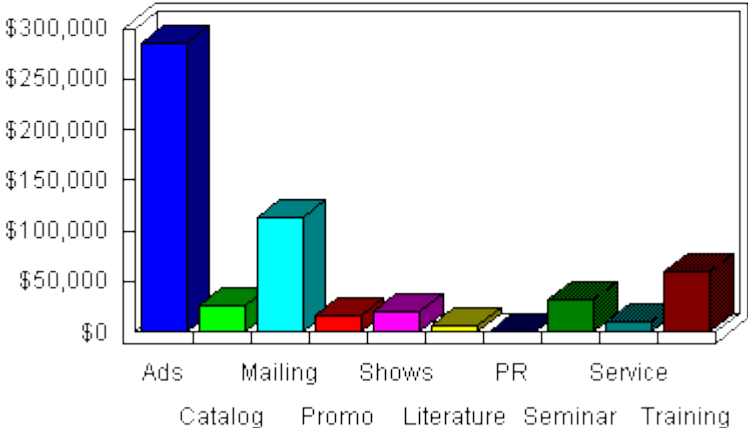


Markets	1997
GEN	\$414,200
SB	\$118,550
HO	\$36,000
Totals	\$568,750

4.3 Expense Budget by Type

Budget by type: The largest single expenditure program is advertising, at \$150K This is actually \$30K less than we will have spent this year. The second largest is mailing, which is a priority because of its importance to our database marketing strategy.

Planned Expenses by Type for 1997



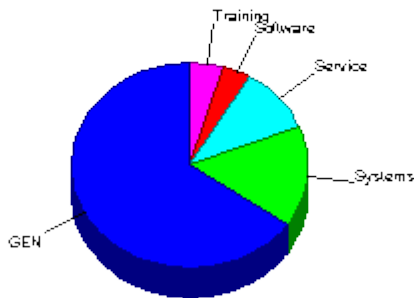
Type	1997
Ads	\$285,000
Catalog	\$25,000
Mailing	\$113,300
Promo	\$16,000
Shows	\$20,200
Literature	\$7,000
PR	\$1,000

Seminar	\$31,000
Service	\$10,250
Training	\$60,000
Totals	\$568,750

4.4 Expense Budget by Product

Budget by product: The nonspecific product spendings amount to the largest total, \$235K of the total \$423K. The least is the training spending, at only \$26K. The nonspecific spending on product makes sense, because it is related to general training and development of our business expertise.

Planned Expenses by Product for 1997



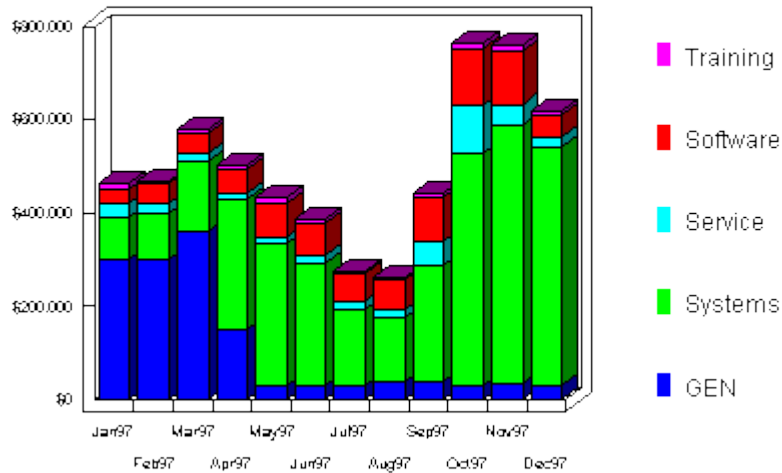
Product	1997
GEN	\$371,200
Systems	\$90,000

Service	\$59,750
Software	\$22,000
Training	\$25,800
Totals	\$568,750

5.0 Sales Forecast

The \$6 million sales forecast is shown in detail in the tables and charts to follow. This represents a 20% increase over the present year. We believe it is a conservative forecast, and we are sure we can make our numbers this year as a result of more effective marketing.

Planned Sales by Month



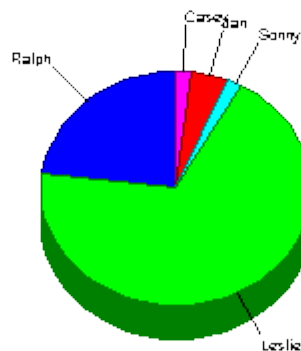
Type	1997
Ads	\$1,372,500
Shows	\$82,500

Service	\$0
Mailing	\$427,750
Sales	\$3,693,000
Seminar	\$272,500
Promo	\$100,000
Catalog	\$10,000
Totals	\$5,958,250

5.1 Sales Forecast by Manager

Sales by Manager: As might be expected, Leslie has by far the largest sales quota to manage. This is suited to our strategy of putting Leslie in charge of the sales force, and tracking sales through the sales force. Details follow.

Planned Sales by Manager for 1997

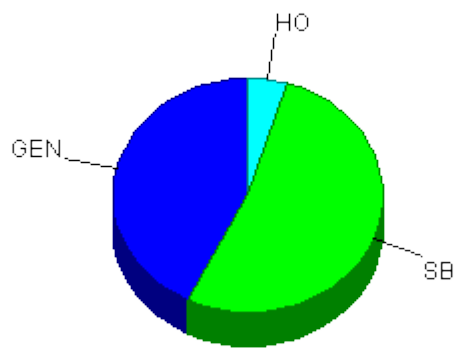


Manager	1997
Ralph	\$1,372,500
Leslie	\$4,100,750
Sonny	\$110,000
Jan	\$272,500
Casey	\$102,500
Totals	\$5,958,250

5.2 Sales Forecast by Markets

Sales by market: Our most important market, by far, is the small business market. The sales forecast shown in the following table and chart is a superb reminder of why we need to focus on the specific target markets.

Planned Sales by Markets for 1997



Markets

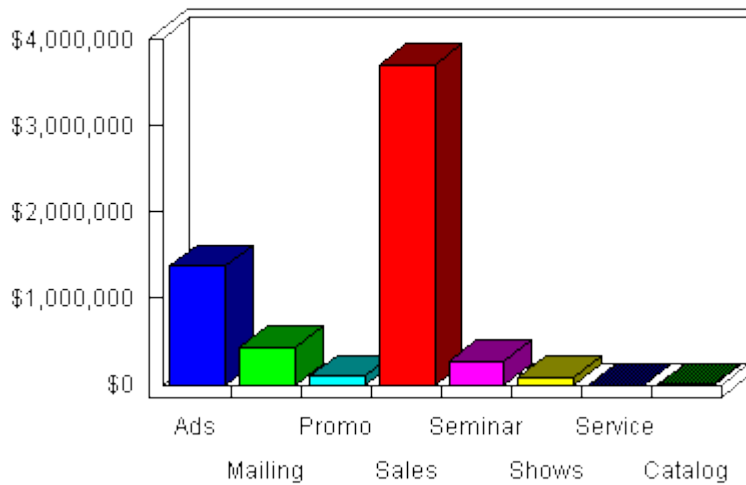
1997

GEN	\$2,543,000
SB	\$3,133,750
HO	\$281,500
Totals	\$5,958,250

5.3 Sales Forecast by Type

The data shows that we are still unable to attribute our sales in any significant way to our sales and marketing program. The "Sales" type shown here is the general sales coming in that is not tied to a specific type of program. This is obviously by far the largest portion of our projected sales. Advertising comes second. This doesn't indicate a problem with the plan or our implementation; it is just a fact of life. Much of our marketing activity generates sales in ways that don't allow us the luxury of tying it back directly to a specific program.

Planned Sales by Type for 1997



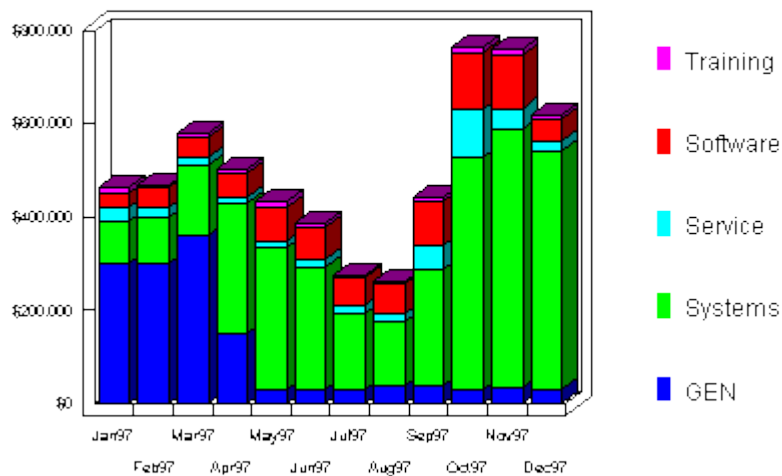
Type	1997
Ads	\$1,372,500

Mailing	\$427,750
Promo	\$100,000
Sales	\$3,693,000
Seminar	\$272,500
Shows	\$82,500
Service	\$0
Catalog	\$10,000
Totals	\$5,958,250

5.4 Sales Forecast by Product

Sales by Product: The \$6 million sales forecast is shown in the following table and chart. As always, our largest single sales item is the sales of systems. The next largest item is the general, non-specific sales, which of course will also be mostly systems. The details follow.

Planned Sales by Month



Product	1997
GEN	\$1,372,500
Systems	\$3,293,500
Service	\$380,000
Software	\$799,250
Training	\$113,000
Totals	\$5,958,250

6.0 Measurement and Comparison

Overall, we plan to spend 7.28% of sales on sales and marketing expenses, which seems about in line for our plan, and for our industry. That breaks down to 3.78% of sales for home offices, 12.79% for small business, and 10.98% for expenses not tied to either one. As broken down by products, we spend about 3% of sales on software and systems, and 16% on service and 23% on training. This breakdown makes sense for our marketing, because of the impact on software and systems of better training and better service.

7.0 Marketing Organization

AMT is still a small company, despite our recent growth.

Ralph, President, is responsible for general management. He specifically manages the advertising budget, but otherwise is responsible for sales and marketing as the head of the organization.

Leslie, our sales manager, is responsible for managing the in-house and the outbound sales forces. We have also put the mailing programs under Leslie, because they must be carefully coordinated with the follow-up of the sales force.

Casey, our marketing manager, is responsible for marketing programs including sales literature, trade shows, the catalog, etc.

Jan, who reports to Casey, will take the key role in the seminar marketing programs.

Sonny, who manages service, will also manage the marketing programs related to service.

8.0 Critical Issues

1. Tracking and follow-up: will we have the discipline, as an organization, to track results of the marketing plan and make sure that we implement?

2. Market segment focus: how can we be sure we have the discipline to maintain the focus?

3. Saying no: can we say no to special deals that take us away from the target focus? Can we say no to unprofitable deals?

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