

The Marketing Plan

In this section you will describe, in general terms, the industry in which you operate. Then detailed information on marketing strategies will be provided - how much you plan to sell, who your customers are, how your products will be priced and how you will promote your product.

The marketing plan will review the four Ps of marketing: product, price, place and promotion helping to ensure that you have a product that the market wants and one that you can sell at a profit.

You will want to consider and evaluate a number of alternatives in the informal plan before finalizing your marketing plan.

1. Market Sales

Prepare a schedule which shows the current size of the market. The sample form illustrates how this information can be summarized. Information can be gathered from a number of different sources including the following:

- industry and trade associations
- industry and trade journals
- Statistics Canada publications
- other growers
- discussions with potential customers
- discussions with potential suppliers
- B.C. government business and agriculture advisory services
- university libraries and business resource centres

2. Industry and Market Trends

Identify major trends affecting the industry or business. This could include information on:

- styles, varieties, or consumer tastes.
- market sales and growth.
- industry structure and size of operations.
- market organization and pricing, delivery options.
- conventional payment arrangements.
- new technology and production practices.

You can find out about these trends by reading industry journals and discussing with the customers and suppliers what changes they think will occur. Once you have identified the major trends, you need to decide how your business will accommodate them. Our example shows the trends which apply to S&B Flowers.

Market Sales Example

Annual B.C. Floral Sales \$000	1986	1987	1988	1989
	43,000	48,000	52,000	60,000

Sales/Year \$000	1986	1987	1988	1989
Cut Rose	2,800	3,000	3,100	7,800
Alstroemeria	170	162	216	346
Freesia	4,200	5,800	5,700	5,600

Industry and Market Trends Example

Major Trends

1. Cut flower sales have grown steadily with an annual average rate of 20% over the last 27 years. An annual growth rate of 10% is expected to the year 2000.
2. United Flower Growers' (UFG) auction sells 50% of the cut flowers in B.C. Annual sales are currently in excess of \$26 million per year.
3. There are currently 225 greenhouse growers in B.C. producing 700,000 sq. metres of flowers in glass and plastic facilities. Currently 12 greenhouses (10% of growers) produce 90% of the cut flowers grown in lower mainland.
4. Cut flower prices fluctuate with seasonal availability as well as quality and color. Flowers grown in lower mainland compete with those grown in Holland, New Zealand, California, South America and Eastern Canada. International competition will continue to set the market prices and standards.
5. Industry in B. C. is recognized as the North American leader in technology and innovation. Trained labour is difficult to find. The industry is becoming more mechanized and is reducing labour inputs.
6. Industry is adopting environmentally sustainable practices and reducing pesticide use.



3. Political and Legal

Identifying legislation that affects how your products are produced and delivered allows you to react to controls that may impose additional cost or risk, or in fact may help you to reach your goals.

4. Competition

For each product, identify the major competitors. This information can be gained from trade associations, interviews with potential customers or trade journals.

Will you be competing directly for the same customers as your competitors? If so, what could your competitors' response be?

Based on this information you should be able to develop a planned response and supply the information needed in the following section on *Customer Analysis and Response*.

Political and Legal Constraints Example

Constraint	Response
Import and export tariffs on some products are being reduced under the Free Trade Agreement	Efficient and competitive cost structure.
Municipal building regulations limit the portion of ground that can be covered by a greenhouse.	Build on a large enough land base to allow for future expansion
Immigration rules restrict hiring trained staff from Europe.	Develop staff training programs and reference materials.
Pesticide applicators must be certified.	Ensure staff obtain certification.
Federal and provincial environmental regulations apply to waste materials.	Include effective waste management facilities when building facility.
Inputs available to growers in other countries unavailable in Canada & registration of other pesticides may be lost in future.	Reduce dependency on pesticides and herbicides through use of integrated pest management (IPM) and biological controls.

Competition Example

Name of Competitor	Size of Company (Sales in \$)	Marketing Method	Market Share (%)	Describe Competitive Advantage
Joe's Universal Flowers	3,000,000	Auction	20	Good quality, well established
Imported Flowers by Joan	3,000,000	Auction and private contracts	20	Good service, competitive prices, excellent selection
Pat's Flowers	2,000,000	Auction & private contracts	15	Good service, well established
19 other	25,000,000	All levels	45	



5. Customer Analysis and Response

In this section you will examine the major criteria you think your customers use to buy products you are selling.

Interviewing a wide range of customers is important as it allows you the opportunity to confirm your thoughts. You may find that your experience and preferences are not the same as those of your customers. It is very easy to transfer personal preferences to others. It is understanding your customers' preferences, not yours, that will contribute to the success of your business.

Setting targets and strategies will help to define your marketing plan.

6. Target and Future Sales

This section is critically important. The sales plan forms the foundation of all your projections. Where you are required to make forecasts, you should make at least three sets of projections: "optimistic", "pessimistic", and "most likely" scenarios.

Prepare an analysis of your expected sales volume. Information from previous forms, *The Market* and *Competition*, will provide the basic information. This information can be summarized into a table such as is shown in our sample on the opposite page.

Prepare a schedule of forecasted sales by product for each of the next few years. Three sets of forecasts should be prepared showing "optimistic", "pessimistic", and "most likely" scenarios.

The sample opposite summarizes the potential for each of your products.

Customer Analysis and Response Example

Customer	Targets	Barriers	Strategies
Auction buyers	top 25% UFG daily & annual average prices, \$294,000 sales	well established local & international competition	good selection & mix of colors, high quality flowers, develop new lines, attractive packaging, increase off-season production
Wholesale	20% premium above auction price, \$110,000 in sales, 5% annual sales growth	well established local & international competition, seasonally depressed prices	prompt service, promotion, customer contact, custom packaging, good selection of colors, high quality product
Cash and Carry	100% premium above auction prices, \$40,000 in sales, 5% annual sales growth	local & international competition, price competition & seasonally depressed prices	friendly service, attractive displays & packaging, good color mix, advertising, price, good selection

Target and Future Sales Example

Sales Forecasts for Next Three Years (\$000)									
	Optimistic			Pessimistic			Most Likely		
	Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3
Auction	150	203	235	116	157	182	137	185	214
Wholesale	50	67	78	39	52	60	45	61	71
Cash & Carry	21	28	32	16	22	25	19	25	30
Total Sales	221	298	345	171	230	267	201	271	315



7. Pricing

Prepare a price schedule for each of your products. Knowing your direct costs and contribution margins is essential to making any pricing decisions. Make sure you have surveyed competitors and potential customers.

The sample form opposite provides an example of past and expected prices as well as per unit contribution margins. If you expect major changes in prices these should be noted.

Pricing Example

Historic Prices				
	1986	1987	1988	1989
Cut Rose (per stem)	\$0.46	\$0.51	\$0.55	\$0.56
Freesia (10 stems per bunch)	\$2.40	\$2.00	\$2.10	\$2.40
Alstroemeria (6.5 stems per bunch)	\$4.29	\$4.44	\$3.69	\$2.93

Cut Roses (based on 210 stems/m ²)				
Customer	Price per stem	Direct cost per stem	Gross margin per stem	Gross margin per m ²
Auction	\$0.55	\$0.30	\$0.25	\$52.50
Wholesale	0.66	0.24	0.42	88.20
Cash&Carry	1.20	0.22	0.98	205.80

Freesia (based on 36 bunches per m ²)				
Customer	Price per stem	Direct costs per stem	Gross margin per stem	Gross margin per m ²
Auction	\$2.40	\$1.38	\$1.02	\$37.00
Wholesale	2.88	1.28	1.60	58.00
Cash&Carry	4.80	1.12	3.68	132.00

Alstroemeria (based on 27.7 bunches per m ²)				
Customer	Price per stem	Direct costs per stem	Gross margin per stem	Gross margin per m ²
Auction	\$3.00	\$1.00	\$2.00	\$55.00
Wholesale	4.00	0.92	3.08	85.00
Cash&Carry	6.00	0.90	5.10	141.00



8. Promotion and Advertising

For each product you plan to sell, indicate how you will promote it to the end user. Why did you choose each method? What are the expected results? The costs of such promotions will be included in the advertising costs of the next section.

Special attention should be paid to the customers you want to reach, timing of promotions, business image, cost effectiveness and benefits. Alternatives will include paid advertising, direct mailings, packaging, sales promotions (coupons, samples, displays), as well as direct in-person and phone contacts with customers.

The sample form opposite shows what promotional tools S&B Flowers plans to use to achieve its sales forecast.

Estimate how much these communications will cost. The media, graphics companies and advertising agencies can provide cost information.

The budget form summarizes the cost for both promotional and advertising programs.

Promotion and Advertising Example

Method of Promotion	Target Customer	Year One (\$'s)	Year Two (\$'s)	Year Three (\$'s)
Trade Show Booth	Wholesale & retail buyers	350	350	350
Direct mailout/brochures	Wholesale & retail buyers	250		
Packaging/sleeves	Wholesale & retail buyers; cash & carry customers	1200	1200	1200
Local radio station interview: <i>How to keep cut flowers looking fresh longer</i>	Cash & carry customers	n/c	n/c	n/c
Samples, donated products to annual flower arrangement competitions	Wholesale & retail buyers	n/c	n/c	n/c
Community newspaper ads; signs; displays	Cash & carry customers	150	100	100
Direct contact, in-person visits; phone follow-up to targetted buyers	Wholesale & retail buyers	250	150	150
Total		2200	1800	1800