

Eight Steps to Developing A Simple Marketing Plan¹

Edward A. Evans and Fredy H. Ballen²

Introduction

Marketing is an essential component of a business (Guidry 2013). In fact, it is the heart of any business, serving the vital function of transforming production activities into financial performance, thus ensuring the survival of the business. Marketing is key regardless of the type of business (this includes agriculture). Despite the important role of marketing, many smallholding operators/growers are reluctant to create a marketing plan. These operators continue to operate on the basis of trying to sell what they can produce rather than producing what they can sell. Some claim they do not have time to develop a marketing plan, while others claim there is no need for such a plan. The result of such shortsightedness is that some operators eke out a meager living, witnessing their profit margins evaporate as they continue being price takers instead of price makers. As the saying goes, “if you fail to plan, then you plan to fail.” Whether you are a large-farm or small-farm business, you can benefit from developing a marketing plan. Contrary to popular belief, preparing such a plan does not require an enormous amount of time and resources, but it does result in benefits that greatly exceed the costs.

In this article, we show how smallholders can develop a simple marketing plan using our eight-step guide and our marketing plan worksheet (Table 1). First, we explain why a marketing plan is important for your business and define what a marketing plan is. Second, we list eight steps to follow to develop a simple marketing plan. Third, we provide a marketing plan worksheet for your individual use.



Credits: Thinkstock.com

Rationale for Marketing Plan

A quick online search will provide a list of reasons why a marketing plan is essential for your business operation. A marketing plan

- Helps you reach your target audience
- Helps you boost your customer base
- Increases your bottom line
- Assists you with obtaining finances
- Helps you set clear, realistic, measurable objectives
- Helps you focus your total marketing efforts

1. This is EDIS document FE967, a publication of the Food and Resource Economics Department, UF/IFAS Extension. Published August 2015. Please visit the EDIS website at <http://edis.ifas.ufl.edu>.
2. Edward A. Evans, associate professor, and Fredy H. Ballen, economic analyst, University of Florida, Tropical Research and Education Center, Homestead, FL, UF/IFAS Extension, Gainesville, FL.

The Institute of Food and Agricultural Sciences (IFAS) is an Equal Opportunity Institution authorized to provide research, educational information and other services only to individuals and institutions that function with non-discrimination with respect to race, creed, color, religion, age, disability, sex, sexual orientation, marital status, national origin, political opinions or affiliations. For more information on obtaining other UF/IFAS Extension publications, contact your county's UF/IFAS Extension office. U.S. Department of Agriculture, UF/IFAS Extension Service, University of Florida, IFAS, Florida A & M University Cooperative Extension Program, and Boards of County Commissioners Cooperating. Nick T. Place, dean for UF/IFAS Extension.

Definitions of a Marketing Plan

Marketing has different definitions depending on the person you ask. Many people define marketing as selling and advertising; however, marketing is much more than just selling and advertising. Concentrating only on selling (closing the deal) will not ensure that you develop a long-term customer base. Marketing is about discovering and satisfying your customers' needs and wants while earning a profit. This involves attracting and retaining customers. You attract customers by promising and delivering better value than your competitors. You retain customers by continuing to deliver satisfaction. Marketing is creating value for your customers while extracting value from them (McDonald and Wilson 2011).

How do you create value for and extract value from customers? Without getting too theoretical, it involves creating the best mix of what is known as the 4Ps so that the customer realizes the highest level of benefits per unit of cost (Value = Benefits/Cost). The 4Ps include

1. Product/service (having something to offer that your customers or potential customers need)
2. Price (charging a price that is in line with the value customers place on your offering)
3. Promotion (letting customers know what you have to offer and what is special about it)
4. Place/distribution (getting your product/service to customers at a time and in a form that is most beneficial to the customers)

A marketing plan is a set of orderly actions aimed at achieving specific objective(s) within a given timeframe. First, you first must have a set of objectives when creating a plan. Second, you should specify a timeframe (usually a calendar year) within which to achieve your set of objectives.

Therefore, a marketing plan is a strategic document outlining the actions/steps you propose to take to achieve your marketing objectives. A marketing plan helps you focus your efforts on maximizing profits for your business. It helps you to clearly define the product and/or service you are offering, to identify your customers and competitors, to outline a strategy for attracting and retaining customers, and to anticipate changes in the marketplace. While the actual document is of tremendous importance, the process of preparing that document is invaluable. Developing a marketing plan will help you spend your time, energy, and resources as efficiently as possible.

Preparation of a Marketing Plan

As we say in economics, "there is no such thing as a free lunch." The good news is that preparing a marketing plan is not as difficult as it sounds. It does require a minimum amount of market research, which involves collecting, analyzing, and organizing information so you can plan your actions. Market research entails obtaining information from whatever sources are available to help you answer the following questions:

- What is your product/service?
- What market(s) do you serve?
- What unique (special) features distinguish your product/service from the others?
- What is the best way to get your product/service into the hands of targeted consumers?
- Who are your customers?
- How should you price your product/service?
- How should you promote (advertise) your product/service?
- How is the targeted market changing or is likely to change?

Such information can be obtained in a variety of ways besides hiring paid consultants. You can search for information online, use social media to network, communicate with others in the industry, visit similar businesses, attend trade shows and conferences, and/or join professional organizations. Once you have gathered sufficient information to answer the above questions, you can then follow our eight-step guide below and use our marketing plan worksheet (Table 1), to be on your way to developing a successful marketing plan. Over time, you can refine and elaborate on aspects of the marketing plan as more resources become available and your business expands. It is important to remember that your marketing plan is not static. It is a living document that needs to be routinely checked for relevance and revised accordingly. It also provides you the basis to assess each new opportunity to see if it is in accordance with your overall goals and objectives and to make adjustments as needed.

Steps for Creating a Simple Marketing Plan

Below are the eight steps to follow in developing a simple marketing plan. Follow these steps and fill out the marketing plan worksheet (Table 1) to get you started.

Step 1: State your marketing objectives

Perhaps you would like to increase awareness of the product or service you provide, increase sales and revenues by a certain percentage, and/or increase the number of customers who purchase your product or service. For example, your objective(s) could be to increase sales by 10 percent by the end of next year, sell 50 more boxes of your product, sell 10 percent of what you produce directly to consumers, or participate in at least one trade show.

- **TIP: Be realistic about your marketing objectives; make sure they are specific and quantifiable so you can measure your progress toward achieving them**
- **TIP: Your marketing objectives can be expressed in terms such as sales dollars, sales units, market share, distribution levels/channel, and awareness**
- **TIP: Try to limit the number of marketing objectives to less than four; two is ideal for most companies**

Step 2: Identify demographics of your target market

One way to determine your customer demographics (e.g., age, sex, profession, income level, education level, residency, individual or business, etc.) is to write a description of your target audiences. Once you have done so, focus on only those customers who are most likely to purchase your product or service. As your business and resources grow, you can focus on a wider segment of the overall market.

- **TIP: The target market is a group of customers (people or firms/packinghouses) for whom your marketing effort is intended; your target choice will determine your production and marketing practices, not vice versa**
- **TIP: A target market is not simply whoever is buying, or will buy, your products; rather it consists of the individuals or businesses you identify as your *most desirable customers***

Step 3: Identify your competition

There are several ways to go about identifying the competition. One way is to identify other farm businesses that are offering somewhat similar products or services to the customers you are targeting and within your price range. Once you have identified your competitors, analyze two to four such businesses by answering the following questions. How are these businesses doing in terms of sales and demand for their product/service? What are the similarities and dissimilarities between your product/service and theirs? What are some of your competitors' strengths and weaknesses? What do the customers think about your

competitors' product/service? Can you capitalize on some of your competitors' weaknesses? How can you create better value for your customers? What pricing strategies are your competitors using? Can you improve on their strategies?

- **TIP: Select a set of competitors and identify their strengths and weaknesses. How do they promote their product? What is their pricing strategy? Is there anything unique or special about their products?**

Step 4: Describe your product/service

A product may be a commodity or service, or both. What products/services are you offering? How is what you offer different from your competitors' product or service? How do customers perceive the benefits of the product/service you are providing? What do customers perceive as the special features of your product/service?

Other questions to keep in mind when defining your product/service include the following: Can you appeal to environmentally conscious or health-conscious customers? How are you going to present your product/service to customers? Is there an increase or decrease in the supply of your product/service on the market?

- **TIP: Remember that without customers your business is out of business; it is important that you give your customers a reason to buy your product and to remain loyal (long-term, repeat customers)**
- **TIP: Always aim to produce what you can sell rather than sell what you can produce**

Step 5: Define place (distribution strategy)

When we talk about place, we are thinking about more than just the physical location of a business; place also includes how you plan to get the product/service into the hands of your customers (the place they need it). To do this, you need to answer the following questions: How widely do you plan to geographically distribute your product/service (e.g., locally, in-state, multi-state, nationally, internationally)? Are you going to be selling directly (direct marketing) to customers? (Direct marketing includes community supported agriculture (CSA), home delivery, farmers' markets, mail order and internet sales, pick your own (U-pick), and roadside stands.) Are you going to be selling indirectly (intermediary marketing) to packing houses or retailers?

- **TIP: Consider your product distribution plan and determine the best type of packaging**
- **TIP: Packaging serves to protect and preserve your product and to advertise and differentiate your product**

Step 6: Choose your promotion strategy

Promotion refers to the entire set of activities that inform people about your product/service. Promotion induces customers to prefer your product/service over those of your competitors. Promotion is simply how you get people to know about the product/service you provide. It deals with how and what you want to communicate to customers/buyers. Several tools can be used, including mass media (radio, television, internet, newspapers, magazines, yellow pages, billboards, etc.), direct mail, personal contacts, trade associations, and social media (Facebook, Twitter, Pinterest).

You also need to identify the amount of resources (human and capital) you can set aside for your promotions.

- **TIP: Social media is one of the most cost-effective means of promoting your business**

Step 7: Develop a pricing strategy

There are several pricing strategies such as cost-oriented pricing, flexible pricing, and relative pricing. Cost-oriented pricing strategy involves setting your price at a certain percentage level, say 25%, above your production cost. Flexible pricing strategy is where you vary the price depending on the buyer or time (e.g., time of year). Relative pricing strategy is simply using the prevailing market price to set your own price whether it is above, below, or at the same price. No matter which pricing strategy you use, you need to be aware of the following: What are the pricing strategies used by your competitors? What is your cost of production?

Typically, your price should be based on the prevailing market prices and your costs. It should cover your full cost of production and include a profit. You can do simple market research to learn about what prices customers would be willing to pay and what prices your competitors are charging.

- **TIP: To get the maximum price, try to schedule production when there is limited competing supply**

Step 8: Create a marketing budget

Since you do not have unlimited resources, it is best to identify how much time and money you want to allocate to marketing.

- **TIP: Estimate how much it will cost for any marketing strategy you propose in your marketing plan and stick to your budget (e.g., if you plan to participate in a trade show, estimate the costs for traveling, marketing materials, and booth rental)**

Summary and Concluding Remarks

Components of a marketing plan may vary, but most should contain the following components:

1. Executive Summary
2. Your Goals/Objectives
3. Your Business
4. Your Customers
5. Your Competitors
6. Your Product or Service
7. Your Distribution Strategy
8. Your Promotion Strategy
9. Your Pricing Strategy
10. Your Marketing Budget

To market your product or service effectively, you must identify your customers, know their needs and wants, and satisfy those needs and wants. Developing a simple marketing plan is not as time consuming and expensive as you may believe. While a marketing plan is not the sole factor in ensuring success for your business, it will greatly increase the likelihood that your business remains relevant and has the greatest chance of succeeding. Using our eight-step guide and marketing plan worksheet provides an easy way to get started.

References

Guidry, K. 2013. Marketing risk: Current issues for risk management. Southern Extension Risk Management Education Website. University of Arkansas, Little Rock, AR. <http://srmece.uark.edu/Publications.html>.

McDonald M, and H. Wilson. 2011. *Marketing Plans: How to Prepare Them, How to Use Them*. West Sussex, UK: Wiley and Sons.

Table 1. Marketing plan worksheet

MARKETING PLAN WORKSHEET	
What are your marketing objectives?	
1.	
2.	
3.	
What market do you serve? Who are your customers?	
1.	
2.	
3.	
Who are your competitors? What features distinguish your product/service from theirs?	
1.	
2.	
3.	
What is your product/service?	
1.	
2.	
3.	
What is the best way to get your product/service into the hands of targeted consumers?	
1.	
2.	
3.	
How do you plan to promote (make people aware of) your business, product/service?	
1.	
2.	
3.	
How do you plan to price your product/service?	
1.	
2.	
3.	
How much money and time can you set aside for your marketing activity?	
1.	
2.	
3.	
Notes:	