

Tips on creating an effective promotional plan

"How can I write an effective promotion plan?" is a question many business people ask. The ideal promotion plan is one that results in clear steps you can put into action immediately. This means concentrating on just the practical, promotional aspects that will lead to results. The good news is that you can do it yourself.

Here's a simple Promotion Plan format. We'll work through each topic in turn:

- Targets
- Objectives
- Tactics
- Implementation
- Timeline
- Budget
- Evaluate

1. Targets

Under this heading identify the exact types of customers you want to sell to over the next year. These could be your existing customers or new customers. For example, your targets for next year might be:

- Existing customers who have spent over \$1,000 with you
- Identifying a certain type of customer you sell to at the moment, so that you can target a similar type of customer in a different town or city.
- Identifying a certain type of person or business you already sell to, then asking yourself if there are any other types that might require what you sell
- Listing any target groups of people or types business of interested in what you sell.

Your focus here is on establishing as precisely as possible the targets you're going to spend most of your promotional efforts on in the coming year. It's impossible to market to everyone (both too hard and too expensive), so concentrate instead on the targets that you have listed.

Remember, it's always easier to sell more to your existing customers than to people who have never bought from you before.

If you have trouble identifying targets, then working through a SWOT analysis of your business (Strengths, Weaknesses, Opportunities and Threats) will help you to focus on the marketing areas where you are most likely to reap benefits.

Why do we do this? The reason for identifying targets first is that it's much easier to design a promotion to attract a specific target than the general public.

2. Objectives

After working through this first step list, what you want to achieve for each of the targets you've identified. The idea is to be as brief as possible, and to quantify (make measurable) as much as possible.

For instance, if you look at the target of existing customers who spend more than \$1,000 with you each year, then an objective of 'keeping them happy and getting them to spend more' is not much use because it's too vague. It's much better to state your objective as: 'to assess

customer satisfaction of all customers who spend over \$1,000 each year, and on average get them to increase their yearly total by 30%¹.

Keep the objective short, and keep it measurable. This way you can evaluate whether your promotional plan is working or not. Did you get an extra 30% from these customers or not? You can easily monitor this by adding up the total sales from these targeted customers, and then seeing at the end of the year if there has been a 30% increase in revenue.

3. Tactics

The next step is to write down what you're actually going to do to promote to each target.

Using the above example, your objective has two parts:

- a) Assess customer satisfaction
- b) Increase target customer sales by 30%.

Now you need to think of exactly how you can achieve this.

a) Assessing customer satisfaction

The easiest way to achieve this might be to send out a brief survey to all your important customers.

So the tactic is to contact these people, either by email or ordinary mail. All businesses should build a database of names and addresses, both physical and email.

If you don't have a database, start one today, but make sure you comply with the Privacy Act.

To encourage this feedback, offer the chance to win a prize to everyone who replies.

b) Increase target sales by 30%

You can accomplish this by two methods:

1. Email or direct mail each of these customers with updates of new products or services that you offer. If they are one-off customers, then attempt to use them for referrals. For instance, if they thought your service was exceptional, offer them a small prize or gift (or the chance to go into a draw for a major prize) if they recommend you to another person. You could also conduct a special sales evening by invitation only for existing customers, but invite them to 'bring a friend'. Offer extra special deals, along with your normal services.
2. Make a list of products or services that are linked together, so when a customer contacts you, they don't simply purchase one item from you. If you have staff, teach them how to sell all your complementary products or services, and put them onto a bonus system for such linked sales (increasing the size of any one sale).

These are just examples - you need to come up with 10 to 15 separate methods or tactics that you can start over the next year. If you're short of ideas, see the Resources section at the end of

this guide for more help. But note that all tactics should be specific and practical, and explain exactly what you're going to do, in as much detail as possible.

4. Implementation

Now decide who is going to action all the tactics you've developed. Next to each of your ideas write down the person responsible for carrying out each task.

For example:

- Survey existing customers, design survey, collate results (staff member).
- Organize direct mail of sale/special deals (me).
- Organize and train for complementary selling (me).

5. Timeline

Without deadlines little gets done. So next you have to develop a simple timeline, which lays out all your ideas throughout the year (for simplicity, the timeline example below shows only six months).

Now you have a guideline for when items must be completed. Use this as a budget, to see if your initial cost estimates were correct.

Marketing Timeline

Jan

Feb

Mar

Apr

Jun

Jul

Questionnaire

\$400

\$400

Direct mail new products

\$2000

Direct mail special sale

\$500

\$500

Complementary selling

\$100

\$100

\$100

\$100

\$100

\$100

Competition

\$200

\$200

Total cost per month

\$2500

\$100

\$600

\$300

\$800

\$500

6. Budget

How much will your promotion plan cost? Add up all the columns from the timeline to find out. In this example, the cost of this six-month plan would be \$4,800.

Weigh objectives against costs

It's important at this point to look back to your objectives and ask yourself this question: "Will a 30% increase in sales from our existing customers generate more than \$4,800 profit?"

Too many businesses waste money on promotion because they haven't taken the time to work out that it's impossible for them to recover the cost of the exercise. There might be various reasons for this.

For example, the market might simply be too small, or the business doesn't have either sufficient capacity or the time to do the extra work required. Your budgeting step is therefore a check on the practicality of the tactics you've listed.

7. Evaluate

Now you need to find out: 'Is it working?' What if your master plan didn't work? Is contacting your existing customers by email or direct mail effective?

All sales that relate to your efforts must be calculated. This is quite easy in the examples we've used, since you can assess how many sales you generated from the special sales events, and count the number of replies from any email/direct mail campaigns.

Keeping customers happy can be assessed by the reduction in complaints and queries received.

To conclude

This promotional plan is very simple, practical, and will help you control your business over the next year. It will improve your promotional performance in subsequent years, as you determine which tactics produce the best results. It's a plan that can be auctioned immediately, and can be completed and drawn up by yourself for your own business.

Resources

Useful marketing tips are available from numerous websites. For example www.business.govt.nz offers archives of free marketing articles and materials: