

A decorative graphic on the right side of the page. It features three sets of concentric circles in shades of blue. The top set is the largest, the middle set is medium-sized, and the bottom set is the smallest. Two thin blue lines intersect the circles, creating a geometric pattern.

SAMPLE MARKETING PLAN

Open Sky Incorporated

The following pages contain an annotated sample marketing plan for Open Sky Incorporated. At some point in your career, you will likely be involved in writing—or at least contributing to—a marketing plan. And you'll certainly read many marketing plans throughout your business career. Keep in mind that the plan for Open Sky is a single example; no one format is used by all companies. Also, the Open Sky plan has been somewhat condensed to make it easier to annotate and illustrate the most vital features. The important point to remember is that the marketing plan is a document designed to present concise, cohesive information about a company's marketing objectives to managers, lending institutions, and others who are involved in creating and carrying out the firm's overall business strategy.

Look for notes in boxes like this one. These would NOT be included in a real marketing plan; they provide additional information about this sample.

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EXECUTIVE SUMMARY

The executive summary outlines the who, what, where, when, how, and why of the marketing plan. Open Sky is only three years old and is successful enough that it now needs a formal marketing plan to obtain additional financing from a bank or private investors for expansion and the launch of new products.

This five-year marketing plan for Open Sky Incorporated was created by its two founders to secure additional funding for growth and to inform employees of the company's current status and direction. Although Open Sky was launched only three years ago, the firm has experienced greater-than-anticipated demand for its products, and research has shown that the target market of sport-minded consumers and sports retailers would like to buy more casual clothing than Open Sky currently offers. They are also interested in extending their product line as well as adding new product lines. In addition, Open Sky plans to explore opportunities for online sales. The marketing environment has been very receptive to the firm's high-quality goods—casual clothing in trendy colors with logos and slogans that reflect the interests of outdoor enthusiasts around the country. Over the next five years, Open Sky can increase its distribution, offer new products, and win new customers, resulting in 50% revenue growth each year.

COMPANY DESCRIPTION

The company description summarizes the history of Open Sky—how it was founded and by whom, what its products are, and why they are unique. It begins to “sell” the reader on the growth possibilities for Open Sky.

Open Sky Clothing was founded three years ago by entrepreneurs Lucy Neuman and Nick Russell. Neuman has an undergraduate degree in marketing and worked for several years in the retail clothing industry. Russell operated an adventure business called Go West!, which arranges group trips to locations in Wyoming, Montana, and Idaho, before selling the enterprise to a partner. Neuman and Russell, who have been friends since college, decided to develop and market a line of clothing with a unique yet universal appeal to outdoor enthusiasts.

Open Sky Clothing reflects Neuman's and Russell's passion for the outdoors. The company's original cotton T-shirts, baseball caps, fleece jackets, and vests bear logos of different sports such as kayaking, mountain climbing, bicycling, skating, surfing, and horseback riding. Every item shows off the company's slogan: “Go Play Outside.” Open Sky sells clothing for both men and women, in the hottest colors with the coolest names—such as sunrise pink, sunset red, twilight purple, desert rose, cactus green, ocean blue, mountaintop white, and river rock gray.

Open Sky attire is currently carried by small retail stores that specialize in outdoor clothing and gear. Most of these stores are concentrated in northern New England, California, the Northwest, and a few states in the South. The high quality, trendy colors, and unique message of the clothing have gained Open Sky a following among male and female consumers between the ages of 25 and 45. Sales have tripled in the last year alone, and Open Sky is currently working to expand its manufacturing capabilities.

Open Sky is also committed to giving back to the community by contributing to local conservation programs. Ultimately, the company would like to develop and fund its own environmental programs. This plan will outline how Open Sky intends to introduce new products, expand its distribution, enter new markets, and give back to the community.

OPEN SKY'S MISSION AND GOALS

It is important to state a firm's mission and goals, including financial and nonfinancial goals. Open Sky's goals include growth and profits for the company as well as the ability to contribute to society through conservation programs.

Open Sky's mission is to be the leading producer and marketer of personalized, casual clothing for consumers who love the outdoors. Open Sky wants to inspire people to get outdoors more often and enjoy family and friends while doing so. In addition, Open Sky strives to design programs for preserving the natural environment.

During the next five years, Open Sky seeks to achieve the following financial and nonfinancial goals:

Financial Goals

1. Obtain financing to expand manufacturing capabilities, increase distribution, and introduce two new product lines.
2. Increase revenues by at least 50 percent each year.
3. Donate at least \$25,000 a year to conservation organizations.

Nonfinancial goals

4. Introduce two new product lines—customized logo clothing and lightweight luggage.
5. Enter new geographic markets, including southwestern and Mid-Atlantic States.
6. Develop a successful Internet site, while maintaining strong relationships with retailers.
7. Develop its own conservation program aimed at helping communities raise money to purchase open space.

CORE COMPETENCIES

This section reminds employees as well as those outside the company (such as potential lenders) exactly what Open Sky does so well and how it plans to achieve a sustainable competitive advantage over rivals. Note that here and throughout the plan, Open Sky focuses on relationships.

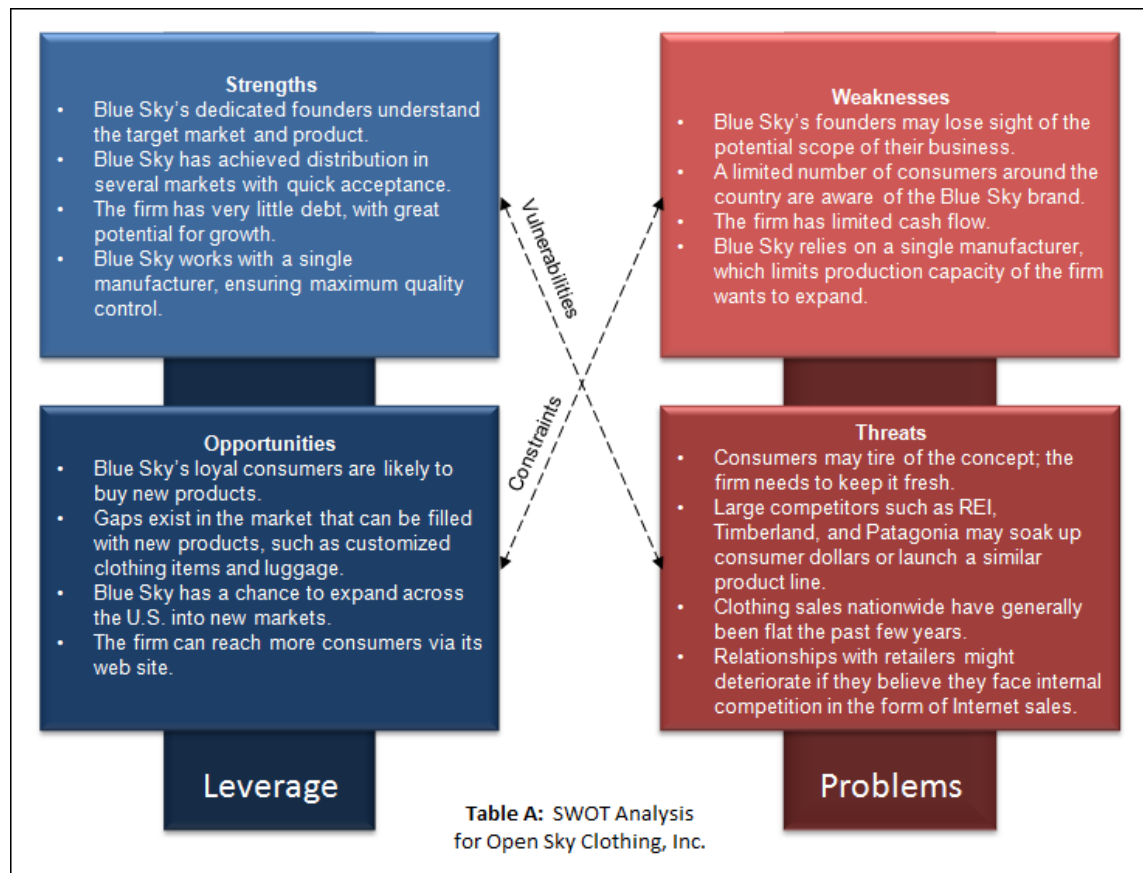
Open Sky seeks to use its core competencies to achieve a sustainable competitive advantage in which competitors cannot provide the same value to consumers that Open Sky does. Already, Open Sky has developed core competencies in (1) offering a high-quality, branded product whose image is recognizable among consumers; (2) creating a sense of community among consumers who purchase the products; and (3) developing a reputation among retailers as a reliable manufacturer, delivering the requested number of products on schedule. The firm intends to build on these competencies through marketing efforts that increase the number of products offered as well as distribution outlets.

By forming strong relationships with consumers, retailers, and suppliers of fabric and other goods and services, Open Sky believes it can create a sustainable competitive advantage over its rivals. No other clothing company can say to its customers with as much conviction "Go Play Outside!"

SITUATION ANALYSIS

The situation analysis provides an outline of the marketing environment. A SWOT analysis helps marketers and others identify clearly a firm's strengths, weaknesses, opportunities, and threats. Again, relationships are a focus. Open Sky has also conducted research on the outdoor clothing market, competitors, and consumers to determine how best to attract and keep customers.

The marketing environment for Open Sky represents overwhelming opportunities. It also contains some challenges that the firm believes it can meet successfully. Table A illustrates a SWOT analysis of the company conducted by marketers to highlight Open Sky's strengths, weaknesses, opportunities, and threats.



The SWOT analysis presents a thumbnail sketch of the company's position in the marketplace. In just three years, Open Sky has built some impressive strengths while looking forward to new opportunities. Its dedicated founders, the growing number of brand-loyal customers, and sound financial management place the company in a good position to grow. As Open Sky considers expansion of its product line and entrance into new markets, the firm will have to guard against marketing myopia (the failure to recognize the scope of its business) and quality slippages. As the company finalizes plans for new products and expanded Internet sales, its management will also have to guard against competitors who attempt to duplicate products. Building strong relationships with consumers, retailers, and suppliers should help thwart competitors.

COMPETITORS IN THE OUTDOOR CLOTHING MARKET

The outdoor retail sales industry sells about \$5 billion worth of goods annually, ranging from clothing to equipment. The outdoor apparel market has many entries. L.L. Bean, REI, Timberland, Bass Pro Shops, Cabela's, and Patagonia are among the most recognizable companies that offer these products. Smaller competitors such as Title IX, which offers athletic clothing for women, and Ragged Mountain, which sells fleece clothing for skiers and hikers, also grab some of the market. The outlook for the industry in general—and Open Sky in particular—is positive for several reasons. First, consumers are participating in and investing in recreational activities that are near their homes. Second, consumers are looking for ways to enjoy their leisure time with friends and family without overspending. Third, consumers are gaining more confidence in the economy and are willing and able to spend more.

While all of the companies listed earlier can be considered competitors, none offers the kind of trendy, yet practical products provided by Open Sky and none carries the customized logos and slogans that Open Sky plans to offer in the near future. In addition, most of these competitors sell performance apparel in high-tech manufactured fabrics. With the exception of the fleece vests and jackets, Open Sky's clothing is

made of strictly the highest quality cotton, so it may be worn both on the hiking trail and around town. Finally, Open Sky products are offered at moderate prices, making them affordable in multiple quantities. For instance, a Open Sky T-shirt sells for \$15.99, compared with a competing high-performance T-shirt that sells for \$29.99. Consumers can easily replace a set of shirts from one season to the next, picking up the newest colors, without having to think about the purchase.

A survey conducted by Open Sky revealed that 67 percent of responding consumers prefer to replace their casual and active wear more often than other clothing, so they are attracted by the moderate pricing of Open Sky products. In addition, as the trend toward health-conscious activities and concerns about the natural environment continue, consumers increasingly relate to the Open Sky philosophy as well as the firm's contributions to socially responsible programs.

THE TARGET MARKET

Open Sky has identified its customers as active people between the ages of 25 and 45. That doesn't mean someone who is 62 and prefers to read about the outdoors isn't a potential customer as well. However, Open Sky will make best use of their marketing funds if they focus on target consumers who are most likely to buy often, and spend the most. By pinpointing where these target consumers live, Open Sky can make plans for growth into new regions.

The target market for Open Sky products is active male and female consumers between the ages of 25 and 45—people who like to hike, rock climb, bicycle, surf, figure skate, in-line skate, ride horses, snowboard or ski, kayak, and other such activities. In short, they like to “Go Play Outside.” They might not be experts at the sports they engage in, but they enjoy themselves outdoors.

These active consumers represent a demographic group of well-educated and successful individuals; they are single or married and raising families. Household incomes generally range between \$60,000 and \$120,000 annually. Despite their comfortable incomes, these consumers are price conscious and consistently seek value in their purchases. Regardless of their age (whether they fall at the upper or lower end of the target range), they lead active lifestyles. They are somewhat status oriented but not overly so. They like to be associated with high-quality products but are not willing to pay a premium price for a certain brand. Current Open Sky customers tend to live in northern New England, the South, California, and the Northwest. One future goal is to target consumers in the Mid-Atlantic states and Southwest as well.

THE MARKETING MIX

The following discussion outlines some of the details of the proposed marketing mix for Open Sky products.

The marketing mix for Open Sky involves new products – customizable clothing and luggage – plus expanded e-commerce and traditional retail distribution, sales promotion, public relations, and nontraditional marketing strategies such as attending outdoor events and organizing activities like day hikes and bike rides.

Product Strategy

Open Sky currently offers a line of high-quality outdoor apparel items including cotton T-shirts, baseball caps, and fleece vests and jackets. All bear the company logo and slogan, “Go Play Outside.” The firm has researched the most popular colors for its items and given them names that consumers enjoy—sunset red, sunrise pink, cactus green, desert rise, and river rock gray, among others. Over the next five years, Open Sky plans to expand the product line to include customized clothing items. Customers may select a logo that represents their sport—say rock climbing. Then they can add a slogan to match the logo, such as “Get over It.” A baseball cap with a bicyclist might bear the slogan, “Take a Spin.” At the beginning, there would be ten new logos and five new slogans; more would be added later. Eventually, some slogans and logos would be retired, and new ones introduced. This strategy will keep the concept fresh and prevent it from becoming diluted with too many variations.

The second way in which Open Sky plans to expand its product line is to offer items of lightweight luggage—two sizes of duffel bags, two sizes of tote bags, and a daypack. These items would also come in trendy and basic colors, with a choice of logos and slogans. In addition, every product would bear the Open Sky logo.

Distribution Strategy

Currently, Open Sky is marketed through regional and local specialty shops scattered along the California coast, into the Northwest, across the South, and in northern New England. So far, Open Sky has not been distributed through national sporting goods and apparel chains. Climate and season tend to dictate the sales at specialty shops, which sell more T-shirts and baseball caps during warm weather and more fleece vests and jackets during colder months. Open Sky obtains much of its information about overall industry trends in different geographic areas and at different types of retail outlets from its trade organization, Outdoor Industry Association.

Over the next three years, Open Sky seeks to expand distribution to retail specialty shops throughout the nation, focusing next on the Southwest and Mid-Atlantic regions. The firm has not yet determined whether it would be beneficial to sell through a major national chain such as REI or Bass Pro Shops, as these outlets could be considered competitors.

In addition, Open Sky plans to expand online sales by offering the customized product line via Internet only, thus distinguishing between Internet offerings and specialty shop offerings. Eventually, the company may be able to place internet kiosks at some of the more profitable store outlets so consumers could order customized products from the stores. Regardless of its expansion plans, Open Sky fully intends to monitor and maintain strong relationships with distribution channel members.

Promotional Strategy

Open Sky communicates with consumers and retailers about its products in a variety of ways. Information about Open Sky—the company as well as its products—is available via the Internet, direct mailings, and in person. The firm's promotional efforts also seek to differentiate its products from those of its competitors.

The company relies on personal contact with retailers to establish the products in their stores. This contact, whether in-person or by phone, helps convey the Open Sky message, demonstrate the products' unique qualities, and build relationships. Open Sky sales representatives visit each store two or three times a year and offer in-store training on the features of the products for new retailers or for those who want a refresher. As distribution expands, Open Sky will adjust to meet greater demand by increasing sales staff to make sure its high-volume stores are visited more frequently.

Sales promotions and public relations currently make up the bulk of Open Sky's promotional strategy. Open Sky staff works with retailers to offer short-term sales promotions tied to events and contests. In addition, Nick Russell is currently working with several trip outfitters to offer Open Sky items on a promotional basis. Because Open Sky also engages in cause marketing through its contribution to environmental programs, good public relations have followed.

Nontraditional marketing methods that require little cash and a lot of creativity also lend themselves perfectly to Open Sky. Because Open Sky is a small, flexible organization, the firm can easily implement ideas such as distributing free water, stickers, and discount coupons at outdoor sporting events. During the next year, the company plans to engage in the following marketing efforts:

- Create an Open Sky Tour, in which several employees take turns driving around the country to campgrounds to distribute promotional items such as Open Sky stickers and discount coupons
- Attend canoe and kayak races, bicycling events, and rock climbing competitions with the Open Sky truck to distribute free water, stickers, and discount coupons for Open Sky shirts or hats.
- Organize Open Sky hikes departing from participating retailers.

- Hold an Open Sky design contest, selecting a winning slogan and logo to be added to the customized line.

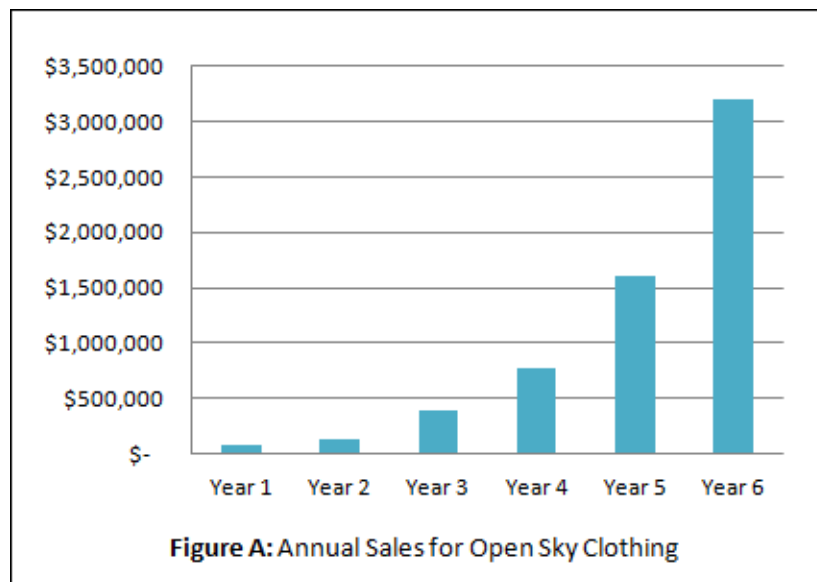
Pricing Strategy

As discussed earlier in this plan, Open Sky products are priced with the competition in mind. The firm is not concerned with setting high prices to signal luxury or prestige, nor is it attempting to achieve the goals of offsetting low prices by selling high quantities of products. Instead value pricing is practiced so that customers feel comfortable purchasing new clothing to replace the old, even if it is just because they like the new colors. The pricing strategy also makes Open Sky products good gifts—for birthdays, graduations, or “just because.” The customized clothing will sell for \$2 to \$4 more than the regular Open Sky logo clothing. The luggage will be priced competitively, offering a good value against its competition.

BUDGET, SCHEDULE, AND MONITORING

Though its history is short, Open Sky has enjoyed a steady increase in sales since its introduction three years ago. Figure A shows these three years, plus projected sales for the next three years, including the introduction of the two new product lines. Additional financial data are included in the overall business plan for the company.

An actual plan would include more specific financial details, which will be folded in to the overall business plan. In addition, Open Sky states that at this stage, it does not have plans to exit the market by merging with another firm or raise funds by making a public stock offering.



The timeline for expansion of outlets and introduction of the two new product lines is shown in Figure B. The implementation of each of these tasks will be monitored closely and evaluated for its performance.

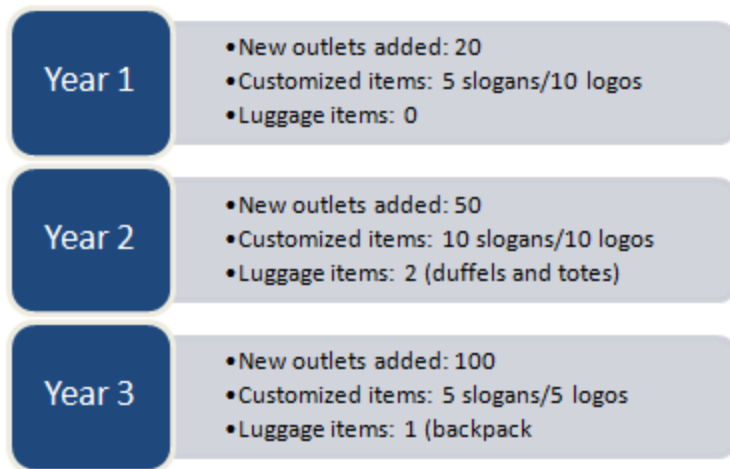


Figure B: Timeline for First Three Years of Marketing Plan

Open Sky anticipates continuing operations into the foreseeable future, with no plans to exit this market. Instead, as discussed throughout this plan, the firm plans to increase its presence in the market. At present, there are no plans to merge with another company or to make a public stock offering.