

The marketing communication plan for marathon marketing essay



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1. INDUSTRY

NIKE is the largest manufacturer of athletic apparel worldwide. “ MARATHON will be a new player in the active NIKE industry. Various professional athletes and scientific professionals have join together to form a highly quality brands that will represent success among the sports society and the current generations youths.

2. PRODUCTS & SERVICES

Marathon provides high-quality sports apparel that is designed for both sport athletes and general youths. Special singlets, t-shirts, socks, water/liquid carrying backpacks, support tights etc are the product lines that company offers. Along with these, we are introducing specialised athletic-supportive vitamins, foods, drinks and exercise equipment, video training DVDs and website, Facebook, Twitter and YouTube services. Thus the products will benefit even the youth aspiring to be a part of the sports world. The products will also encourage people to stay fit.

3. FEATURES & BENEFITS

All of Marathon products will be quality-manufactured and designed to fit the target market of active NIKE participants. Apparel will be produced using only natural and organic materials in sweatshop-free facilities. Unique designs that appeal to the demographic will be integrated into each product. Our products have the highest quality standards in mind. The tablets, foods and drinks products will also be produced only after thorough research and after they are approved by Food and Drug Administrator.

4. MANAGEMENT

The management team of the company consists of well-known professional athletes who understand the target market. Each founder comes from a different athletic discipline and will have a key role within the company. Their backgrounds and experience in this industry will allow the company to quickly launch and build a well-recognized brand. Along with them there will be even a team of Research professionals and doctors who will help in the promotion of the vitamin tablets, food products and drinks.

5. KEY ASSETS

Initially, the company's primary assets are the endorsement deals with the founders. As the company grows, the Marathon brand will become the company's most valuable assets. The other assets include computers, office furniture and equipments.

6. MARKET ANALYSIS

The company focuses on the active NIKE market segment that participates in both traditional sports such as Cricket, Football, Tennis, Golf etc and non-traditional sports such as skateboarding, motocross, snowboarding, and surfing. As the brand is in its formative years, a primary target market of the Australian region has been selected to debut the product lines.

7. STRATEGY & IMPLEMENTATION

Our marketing challenge is to attract visibility quickly. Marathon will work with several manufacturers around the world to manufacture our products.

This system provides more capacity, while decreasing production costs. A strong online presence, through online communities and advertising, will be utilized to drive a base level marketing campaign, helping to lower costs. The founders, all professional athletes, have large fan bases that will be immediately drawn to our new apparel lines. Additionally, the management team has developed strong alliances with several key people in the industry that will assist in the marketing, manufacturing and distribution of the products. As our products will also largely attract the school going kids we can organize various competitions like painting in their schools and other community places and can promote our brand. As we gain traction in the market place, word of mouth will lift our brand significantly.

8. TARGET MARKETS

Our ideal customer will be between the ages of 13 and 30. We can target both the sports fraternity and youth who enjoy sports. Our specialized products will also help the people to remain fit; hence we can target people suffering from obesity, diabetes and those working towards keeping themselves in good shape.

Marathon will target active NIKE participants. The demographics of this initial segment are typically aged 16 – 30 males and females that have grown up near urban areas, specifically near the Coast. These customers are active in skateboarding, snowboarding, surfing, motocross, and other extreme sports or they closely relate to those that do participate in this lifestyle. This segment frequently shops at specialty stores located in mall areas, and can easily be reached through the internet, as well as through various events and magazines. This is a trend-setting group, and they influence other

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audiences nationwide. As awareness in this initial market grows, secondary markets will open up across Australia and even internationally

9. MARKET SEGMENTATION

We will target three segments. The sports product users, the doctors and chemist shops that will sell these vitamin drugs and the general grocery markets where we will sell our food and drink products. In these entire segments customer understand the importance of sports and staying fit. The later segment will attract more customers by advertising our brand through posters and leaflets.

10. FUNDS REQUIRED & USE

The company has raised \$10 million through founder investments, and is currently seeking an additional \$2 million from an equity investor. These funds will be used to cover inventory, staffing, rent, production costs and general operating expenses.

11. FINANCIAL PLAN

First year sales with an annual growth rate of 25% will ensure that the company stays profitable. With a 70% product margin, Marathon will be able to collect enough cash to become attractive as a takeover target by a larger apparel company. Founder investments, as well as outside equity investments, will help the company maintain cash reserves, while helping the company grow at a rapid rate.

12. COMPETITION

Competition in the apparel industry is in a high rate. The direct competitors are large corporations, such as Hurley, Volcom, Billabong, Fox and Quiksilver. All of these competitors have grown very large and are no longer solely targeting the active NIKE market. Marathon will carve a niche by specifically targeting the active NIKE market. For the food products we will have competition from Willi-Food, Sparta Food etc and similarly for the vitamin tablets.

Indirect competition will be varied and include clothing, food and pharmacy manufacturers of all types. We do not see these competitors as much of a threat, as our market segment values brand loyalty and prefers brands that are not mainstream.

13. COMPETITIVE EDGE/BARRIERS TO ENTRY

Our competitive edge will come from the notoriety of our founding partners. Only the biggest apparel brands have rosters comparable to ours. Our design and research team is also world-class. We have decided to form a partnership with some of the leading Apparel, which will be a major supplier for organic, fitted apparel. Startups in this industry will rarely have the strengths and capabilities to match ours. Our partnership with leading internet communities will also keeps us in the front line. We are even planning to set up partnership with various food manufacturing industries that will provide us the raw material for our food and energy drinks. Similarly the leading pharmaceutical industries will guide us in manufacturing the vitamin supplements.

14. DEVELOPMENT

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Marathon has already begun lining up manufacturers for several product lines, including shoes, t-shirts, backpacks, which will be available for sale by late Spring of Year 1. We will be using fit models to ensure the apparel fits different body types as intended. We select manufacturers based on quality, price and reliability. Most manufacturing is done in Mexico, Korea, or China, with some minor products being produced domestically. In addition to product manufacturing, a website is under development, which will further increase product awareness. In Year 2, various retail shops are planned to be opened in various parts of Australia. By Year 3, the manufacturing and approval of the vitamins, food and drink products will be completed and we can bring them to the market. We are expecting a tremendous sale and growth by 4th year.

15. MARKET SIZE

The market size for the active NIKE segment is very large and growing at a tremendous rate. The surf wear market alone brings in over \$13 billion annually. The total market size that Marathon will target is approximately 150 million people and \$50 billion in sales a year. As this market is very large, our company will target the Australia areas first, where obesity and diabetes are becoming a big problem, and are estimated to be at 2 million active NIKE participants.

16. MARKET TRENDS

Active NIKE participants have steadily become much more popular than mainstream sports, such as football, baseball, and basketball. Additionally, brand loyalty among the active lifestyle market is much stronger, where <https://assignbuster.com/the-marketing-communication-plan-for-marathon-marketing-essay/>

these shoppers tend to avoid mainstream brands. The increase in the number of independent specialty stores in Australia and internationally provides an opportunity to introduce a new, fresh apparels and food products. Studies have shown that participants in board sports have a high probability of crossing over to other active NIKE sports during the offseason, such as rafting, which popularity has increased in the last three years. With the popularity of the X-Games and the Action Sports Tour, a growing trend towards skate boarding, BMX riding, wake boarding, snowboarding, motocross and surfing is prevalent. With these large potential markets, our targeted clothing and apparel lines will be there to address their lifestyle needs.

17. SWOT ANALYSIS

Strengths: professional athlete endorsements, industry expert contacts, manufacturing partnerships, marketing partnerships, low lease rate, expandable building space, location, specialized products like Food and Drink products, Vitamin supplements, DVD's etc.

Weaknesses: new brand in established market, dependent upon outsourcing for production, formal distribution channels being created from scratch

Opportunities: recruit other athletes to endorse inexpensively, demos at various events and competitions (X-Games, Actions Sports Tour), forming distribution and marketing relationships, creating a new brand with fresh designs

Threats: competition, modest funding, manufacturers' ability to perform

18. PHILOSOPHY

Marathon will offer high quality, stylish clothing made by athletes for athletes. Our clothing will help our target audience look their best while doing what they love the most. Considering the recent environment of Australia where obesity, diabetes, weight problems are in rise our health drinks and food products will help them to overcome these problems. The various exercise DVD's will help in maintaining a fit atmosphere.

19. INTERNET STRATEGY

Marathon will employ an aggressive internet marketing campaign. This will be anchored by our online community, where customers can interact with others, while posting videos and pictures of themselves participating in their favorite active lifestyle sport. This viral marketing technique will not only attract new consumers, but also specialty retail stores that have an interest in carrying our product line. Alongside the online community, an online store will be available for instant purchases to be made. This will ensure that our products are always available, no matter what the customer's location may be.

20. MARKETING STRATEGY

Our marketing strategy will include targeted online and print media advertising. Major magazines, like magazines based on sports, lifestyle and health and few other publications which we will regularly advertise in. Additionally we will use athlete endorsements, which will give Marathon virtually free media coverage on television and in print when are our athletes

excel. We will also have a strong presence at major events, as well as hold various demos and contests to attract new customers. We will basically organize events in shopping malls and youth communities. There can be even painting and poster making competitions for kids and can thus promote our health drinks. The promotion of our brands in major and minor sport events will be an added advantage.

21. SALES STRATEGY

Our primary sales goal is to have our product available in all specialty retail outlets that focus on the skate, surf, and moto markets in Australia.

Marathon will utilize independent sales reps to ensure that each retailer has superior support, and that new product is being presented to every retailer.

Once a strong brand image has been secured, we will focus on expanding sales to the rest of the Countries. Our company will experience cyclical demand, as the summer season is the most popular time for our apparel. We anticipate capturing one half of one percent of the Australia target market in our first year. This will equal approximately \$750, 000 in revenues and 16, 000 unit sales. We will expect a 25% annual growth in the following three years as brand popularity grows and as marketing budgets increase.

22. STRATEGIC ALLIANCES

Marathon will be establishing several strategic alliances that will assist in rapid growth and success of the company. These include relationships with marketing professionals, media (Transworld Magazines), manufacturers, and distributors.

23. OPERATIONS

Operations will initially be led by the founding partners, who will each take on a different role within the company. The team will focus on product design, sales and manufacturing initially. For the pharmaceuticals and food products we will have a research and development department and a department which will look after the approvals from the food and drug administration. As distribution channels are lined up, the concentration will be shifted to marketing and online order fulfillment.

24. GOALS

Develop a high quality brand among the active NIKE market

Create brand awareness through events, marketing and online communities

Capture the Australia market and then expand nationally

Achieve sales of at least \$750, 000 in the first year

Expand awareness of active lifestyle sports through grassroots sponsoring of amateurs.

25. EXIT STRATEGY

The goal of the marathon brand will be to follow in the footsteps of other well-known apparel companies. This will include an exit through either an acquisition by one of these larger companies, which are well known to buy up-and-coming industry companies, or more preferably to go public through an IPO.

26. ORGANIZATIONAL CHART

The company will follow a typical hierarchical structure with the management team discussed below, who will be responsible for all operations and management duties early on. Additional staff will be needed for product design and development, sales managers and order fulfillment. Sales will be handled by outside sales representatives. Once the company has achieved adequate growth, a CEO and a CFO will be hired to lead the company to further success.

27. MANAGEMENT TEAM

The initial management team will consist of the following Co-founders:

Allen Moore will initially take on the role of CEO. He will ensure that the company is headed in the right direction, while overseeing product development. Allen is a professional skateboarder that has had previous experience with starting a small company.

Serena Vanderwoods will lead the product design team. She will be in charge of creating new products, and overseeing the designers who will be working for the company. Serena is a professional Tennis player, with a background in design and contacts in apparel manufacturing.

Jamie Keane will lead marketing efforts for the company. His contacts within the industry range from magazines to television producers, and will help build a strong brand image quickly. Jamie is a professional surfer.

Kate Janson is head of sales for Marathon. He has had experience with product distribution through previous rider responsibilities as a professional snowboarder. Kate has developed strong relationships with major active lifestyle distributors, as well as a few local specialty retail stores.

Dr. Nicholas Jhon will be the head of the research and development team. Dr. Jhon has experience in developing various food products and improvising them. He even have strong relationship with the legal people and hence will help in getting the approvals for releasing the products to the market. Dr. Jhon have experience in pharmaceutical industries too.

28. PERSONNEL NEEDS

Marathon will need to recruit some graphic designers as well as fashion professionals to assist in product design. Fit models will be contracted to help ensure proper fit of each item. These models will be compensated primarily in free clothing to help keep costs low. Shipping and receiving clerks will be required to help ensure that products are being delivered to customers efficiently. Order fulfillment representatives will also be hired to help take and process orders received from the online store and the specialty stores. An accounting clerk will also be needed to ensure appropriate financial records are maintained.

Once the company can support further management, projected to be in Year 2, a Chief Executive Officer and Chief Financial Officer will be recruited to help the company grow nationally and internationally.

29. BOARD MEMBERS & ADVISORS

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Marathon's advisory team consists of a certified public accountant, who takes care of all tax accounting requirements, as well as a corporate attorney that is held on retainer in case any legal needs arise.

30. FINANCIAL REQUIREMENTS

All of the founders has invested \$10 million to launch Marathon. An additional \$100, 000 is needed to ensure that proper working capital is maintained through the first year of operations.

31. USE OF FUNDS

Startup costs have primarily been attributed to product development and inventory (\$100, 000) and marketing costs (\$30, 000). Additional costs include, staffing, rent, office equipment, furnishings and supplies. There will also be legal and web development costs.

32. INCOME STATEMENT PROJECTIONS

First year sales are anticipated to be \$750, 000 with expenses totaling \$790, 000. By Year 2 revenues are projected to grow by 25%, equaling \$940, 000 in sales. Expenses totaling \$800, 000 will lead to a second year profit of \$140, 000. Gross margins will increase from 60% to nearly 70% in Year 2 due to economies of scale and manufacturing efficiency. Marathon will try to sustain a 25% annual growth rate as it expands nationally for the first five years.

33. BREAKEVEN ANALYSIS

Our monthly fixed costs are currently estimated at just over \$35, 000.

Variable costs in Year 1 are approximately 31%, leading to a monthly breakeven point of just over \$50, 000. At an average selling price of \$45 per unit, an estimated 1100 units will need to be sold per month to breakeven.

34. PROJECTED CASH FLOW

Marathon will become cash flow positive on a month to month basis by the end of Year 1. The initial founders' investments, along with the outside investment, will ensure that working capital will be available to cover startup costs plus losses for over twelve months. It is anticipated that the company will experience negative cash flow months in the winter and fall, however strong sales during the summer months will make up for any losses that will be incurred. Sales through our website will help maximize profit margins and reduce collection delays.

35. BALANCE SHEET

The balance sheet will show first year assets of \$300, 000 and no debt. After acquiring inventory, equipment and furnishings, we will retain the balance in cash for operations. We will arrange a line of credit for emergencies and to maintain a comfortable cash balance during periods when our receivables are high.

36. IMPORTANT ASSUMPTIONS

Marathon will capture 0. 5% of the Australia target market in Year 1

Product margins will be 60-70%, with an average retail price of \$45

Active lifestyle sports participation continues to rise over the next 5 years

An investment of \$100, 000 will be raised from an outside investor

Marketing, distribution, manufacturing and sales relationships will be maintained