

# A marketing plan and analysis for a fictional company





The Business name is IwishU. IwishU is a new E-business that allows people to send cakes and flowers to around United Kingdom. IwishU will allow to customer place order through company website (www. iwish. com) using computer and internet as well as a website that allows ordering to occur anywhere in the world. The company was founded by Sanjaya D.

Wickramanayake and I will invest my own money and my parents' money for this business.

## **Success Factor**

The main feature of company, Customer can make customised cake any way that they would like. Some people might show their fervour for a particular image from camera, others a designed image or customers might have a greeting on their cake. Whatever customer may decide, customer can print any image on cake.

## **Vision**

The company will start with a greatest vision. It is IwishU will offer customers the best gift at the best price and best time.

## **Milestones**

Make business plan.

Rent a Building

IwishU will buy web domain before opining

Business's website must be completed one month before opening.

Business will be opening after business plan completed



Search engine marketing will be an ongoing expense after the launch.

IwishU will be on advertising to make the IwishU web site popular in first year.

IwishU plans to be profitable within the first year of business.

## **Business Logo**

### **Product and service**

The company will make most popular cake flavours such as chocolate, marble, and vanilla. However other flavours available upon request. Cake prices start at £35 per serving for a basic design and flavour. Price will depend according to the weight and size of the cake. The IwishU will create customised cakes using edible printing system. Customised cake will cost for customer £ 60 to £75 due to cost of the icing printing. Our florists receive fresh cut flowers from the whole seller. The flowers will be wrapped and delivered with guaranteed quality. Price of flowers start at £30 and price will be depending on type of flowers and different sizes of arrangements. Company is going to buy flowers from Oasis floral product in Newcastle upon Tyne.

IwishU will have a comprehensive website that allows ordering to occur anywhere. But our delivery facility is available only within the United Kingdom. We are delivering our cakes and flowers using Royal mail Special Delivery or DHL express delivery. Customer can track their order online. IwishU has condition it is Orders should be placed at least two days before desired date. Delivery cost depends on size and weight. If customer sends a



using royal mail delivery system cost is starting from £ £5. 70 otherwise customer will choose DHL delivery, service cost is starting from £ 8. 99. All orders will include a greeting card as a free service.

## **Market Analysis**

### **Target Audience**

IwishU will be targeted at obtaining both the local (UK) customers and overseas customers. First target of the IwishU is, grab the north east customers because business will operate in city of Newcastle. According to (Office for National Statistics, 2010) ' The North East had a population of 2. 6 million in mid-2008, an increase of 1. 3 per cent since 2003.' IwishU will focus on people who are using in internet because IwishU is an e-business it required computer with internet connection and basic computer knowledge. According to (Great Britain, National statistics, 2006) 46% percent households with internet access. So it is good market size for business. IwishU plan to promote this business in North east using brochures as direct marketing medium because people want printed brochure to take home and read at their free time, It help to describe our product draw up a list of product information and people expect a genuine company to have printed sales papers otherwise people fear buying an costly products from an unknown online vendor.

Then IwishU will Plan to grab all the people in United Kingdom because it large market. IwishU assume that, business can reach north east market and earn goodwill after certain time. It will help to the spread business in other part of United Kingdom. According to main requirement IwishU will try to



grab all of the internet users with buying power in United Kingdom. The following chart expresses the projected number of prospective customers in the United Kingdom. Although it is planned to make IwishU a global company, the initial phase of market access will focus on the local market.

According to (Great Britain. Long-Term International Migration, 2010) ‘Immigration for formal study was the most common reason stated for arrival into the UK in 2009, with an estimated 211, 000 (37 per cent) compared with 175, 000 in 2008.’

According to above mentioned result student has arrived to UK for studies but most of their parents and relatives still live in the home country. IwishU has targeted that people because they can access our website via internet and send gift to their children who still living in UK. Parents never forget their children’s birthday and they memorize their children more than in seasonal time. This is a great psychological aspect of their behaviour, which inspire them towards our business. IwishU will plan to promote web site in overseas country using facebook advertisement technology because of according to (Facebook usage statistics, 2010) facebook usage is increasing rapidly in all over the world and people use facebook to keep up with others.

According to the above mentioned chart these are top 5 countries of immigration. IwishU will try to catch this market because it is good opportunity to increase sales quickly.

## **Market Segment**

IwishU has two market segments, categories by the type of products that they order. IwishU has segmented their market into two distinct groups. Such <https://assignbuster.com/a-marketing-plan-and-analysis-for-a-fictional-company/>



as local customer and overseas customers, the two segments are grouped by the type of product they chose. Although IwishU is dividing the market by product type such as cake and flowers. This is a justly accurate generalization

The first categories of customers are desire an already created cake.

This is group purchases already designed cakes from the company web site. This is the less expensive because there is not the inherent expense of icing printing. It is very easy for common customers because customer don't need any advance knowledge of computer usage. IwishU will target parents and elderly people for this category because they can select cake and flower from our product catalogue and easily send it to their children. According to (Great Britain, National statistics, 2006) 46% percent of people age between 55 and 65 are using internet frequently.

The second group are that desire custom image to be placed on their cake.

This segment prefers having custom image or artwork and placed on their cake. This is the fairly expensive because company have to use their computer system for preparation and design is printing using edible printing system. If customers like to order a customised cakes then customer need basic computer knowledge because of customer should upload his image and greeting to the web site. IwishU will target young people and middle age people for this category because most of the young and middle age people have good computer knowledge. According to (Great Britain, National statistics, 2006) 61% percent of people age between 16 and 54 are using internet frequently.

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### Other market segment

IwishU is going sell floral products. It will help to grab most of female customers and male customers because most women like to flower so people can send flowers for special occasion using our web site. (Great Britain, National statistics, 2006) Men were more likely than women to use the Internet every day or almost every day (64 per cent compared to 54 per cent).

## Pricing Strategies

We will price point most of our cakes at a £35 – £100 and flowers £30 – £100. Price can be change according to the competitor's price. IwishU will be able keep on the customers by reasonable price.

### Premium Pricing.

IwishU will make high grade and large size cakes and outsourcing excellent quality flowers. Those products are introducing as luxuries and high prices products. There is uniqueness about our product. Target of this pricing strategy is grabbing customers who are like to buy luxuries product. It is good approach to gain business profit rapidly.

### Geographical Pricing.

Geographical pricing is introducing for customers who are from different parts of the world. For example product cost is increase due to shipping charges.

### Promotional Pricing.

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Promotional pricing introduce in seasonal time and special days. It's very common application in gift selling business so IwishU have to use this strategy beat the competitors.

Optional Product Pricing.

IwishU will attempt to increase the amount customer spend once they start to buy. IwishU will use optional pricing strategy to do that for example introduce two shipping method to delivery. Customer can select one shipping method for delivery but difference is One of them is more efficient and expensive. It will increase the overall price of the product and service.

## **Competition**

IwisuU has identified competitors, which include local companies and the Internet-based company.

Local Companies

Greggs plc – established in 1951, Greggs have ten large-scale bakeries around the UK supplying the majority of our 1, 500 shops.

The Cake Shop – The Cake Shop has been trading since 1986 and now has two shops.

Cakes classes and cutters – 30 years experienced company. Located in Newcastle. Also they conduct a cake classes.

Main differences between IwishU and these local companies are IwishU will operate through the Internet. It is opens up a brand new marketplace. IwishU



can access real time information with more efficient and valid because of all transactions and customer information saves on web database. Also it is helping gain to comparative advantage. Another realistic advantage are customer can be made purchase 24 hours a day and 7 days a week in everywhere in the world, payment can be done online using credit/debit card and customer don't want waste their time because order will deliver to shipping address.

Internet based companies.

<http://www.need-a-cake.co.uk/>

<http://www.bakersworlduk.com/>

<http://www.thelittlecakeshop.co.uk/>

IwishU will try unique from these competitors. IwishU has ideal plan for do it. First thing is we will make business web site with attractive features and user-friendly interface. IwishU will focus on the home page of web site because when a new customer come to the web site at first customer looks home page it is interesting customer will stay with it. Product and service page of web site is providing clear and detailed information because of it is point of the sales starts. IwishU will provide suggestion page for customers. Using that page customer can request new flavours, new design and new product. It is very good opportunity to make business unique from others. Main point is customer can easily upload picture and It can be print on the own cake.



IwishU plan to introduce sales promotions and offers in seasonal time and specials day (father's day, mother's day and valentine day). That time IwishU will reduce product price, introduce new product with low price and if customer buy cake and flower together company will provide free shipping. IwishU will highlight promotions and offers on the website and all the promotion and offers have deadlines because it makes customer hurry.

IwishU always think about competitive price. Product pricing arrangement will be base on cost of the product plus and competitive pricing. Otherwise customers will leave our business due to high price.

## **Marketing strategy and plans**

IwishU will promote website using online advertisement technology such as google adworld that allows company to more accurately target company chosen audience. One of the main advantages of Google adworld is IwishU can monitor and catch website visitors immediately. It will help to make business decision and apply changes for business. Google adworld is cheap because of IwishU has to pay for clicks that are received. IwishU will collect customers email addresses and send Promotional emails using MailChimp. MailChimp(2010) ' MailChimp makes it easy to design and send beautiful emails, manage your subscribers and track your campaign's performance.' Biggest advantage of MailChimp is the cost effective. Actually MailChimp account can start free of charge. Email marketing help to make personalise business relationship with the customers and also it helps to serve better service to customers.



Keeping customers is the most important thing of business. To do that, IwishU needs to appear as and be trust. First, IwishU will expect to provide quality products and service to the customers. It is the best way to keep customers with IwishU and making them happy with their purchase. Also IwishU always think about good reputation because of it is increasing business publicity.

IwishU will retain the existing customer details in database for tracking customer history. IwishU will give the offers for existing customer because of every customer like getting something extra or on special price. More than that IwishU think about customers feeling. For example, our order will be late due to unavoidable reason, we will compensate to the customer. It makes customer's trust more. Then that customer likes to use our business again.

IwishU will make strong relationship with customer by making transaction more personal. Such as, send an email to customer thanking for order and confirming order and delivery.

All prices at IwishU are quoted in sterling pound. IwishU will provide a currency converter on our web site. It helps our overseas customers estimate the cost of an order in their own currency. Calculation based on the exchange rate on the day of conversion.

## **Business Operations and Organisation**

IwishU will begin operation as a sole-proprietorship. The company will be owned by Sanjaya D. Wickramanayake. Business operation centre located in Newcastle upon tyne. The company plans to employ one full time cake

maker and five part time employees to handle other work. The hours of  
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operation will be Monday to Sunday 9 am till 5pm. There will be extend working hours during seasonal time or rush working periods. All stock will be purchased and supplied with assured quality.

IwishU will buy domain from www. 123-reg. co. uk. Domain registration cost is £ 5. 18 and Privacy Protection fee is £ 5. 18 for 2 year.

## **Management**

IwishU will be led by Sanjaya D. Wickramanayake and it is his first E-business venture. He has good knowledge about web site development and online marketing. All the accounting, sales and marketing, administrative and IT operations are controlled by him.

Company will occupy experienced cake maker for work. His main responsibilities are assured product quality and design and decoration of different kinds of cakes. Edible printing system (icing Print) is controlled by him. Company give the two employees for his support.

Company will occupy one driver for transportation. When an order comes from Newcastle city, company set local delivery using company vehicle and driver. His others responsibilities are transport the flowers from the oral floral products to IwishU stores, transport the materials and serve the prepared cake or flower orders to royal mail or DHL service location. Company will employ another two part time employees for other works.

## **Legal Framework**

Before start the business we expect to cover up all the legal requirements in this business. IwishU has used “ Business Link” and “ Bizguides” web sites

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for getting information for start. According that web site IwishU will pay Class 2 National Insurance Contributions for self-employed people. Class 2 NICs are paid at a flat-rate and VAT registration is required for business. IwishU has to pay 20% from sale because of the standard rate of VAT is currently 17.5% but increases to 20% on 4 January 2011. IwishU will be able to reclaim VAT from the purchases.

IwishU will prepare, store and sell food therefore we will need to register with local authority environmental health department. They will inspect our premises and help us to comply with the requirements of the Food Safety Act. They didn't charge money for registering.

IwishU will need support of accountancy firms because of they do wide range of business services such as preparing tax and VAT returns, giving tax and business advice, book keeping and preparing annual accounts. BusinessLink helped to find an accountancy firm. IwishU will select Milestone L T A Ltd for legal work. Milestone L T A Ltd is the Licensed Trade Accountants in Newcastle Upon tyne. They charge £ 295.00 per year.

According the UK rules and regulation, business will need insurance cover. It will cover premises contents and stock, employer's liability, motor insurance and public and products liability. Cost of monthly premium calculates according to the coverage.

IwishU has designed business logo. That will legally protect as a trademark because of trademark represent the goodwill and reputation of our business. IwishU need support of 'The Intellectual Property Office' because they are



protecting trademark. The fee for Standard examination service is £200. This covers registering our mark for one class of goods. IwishU will make it online.

IwishU website will verify by 'VeriSign' because it will help increase our customers' confidence about our website and increase sales otherwise customers are debout using our website. According to (VeriSign, 2010) VeriSign is a company that offers many different solutions to ecommerce sites these solutions range from SSL or Secure Socket Layer certificates, to payment processing and fraud protection options.

## **Financials Statement**

### **Start-up Budget**

The start-up cost of the IwishU is £ 14, 428. 00. Sanjaya D. Wickramanayake will invest £ 10000. 00 of own money. He will also secure a £ 5000. 00 from parent's money.

## **IwishU , Newcastle Upon Tyne**

### **Start-Up Budget**

### **OPERATING EXPENSES**

#### **Jan-11**

#### **General and Administration**

Salaries and wages

£ 7, 140. 00

Payroll taxes

£ 48. 00



Inventory

£ 500. 00

Rent and lease expenses

£ 600. 00

Insurance

£ 75. 00

Vehicle expenses

£ 200. 00

Accounting services

£ 295. 00

Legal services (including incorporation)

£ 20. 00

### **Total General and Administration**

**£ 8, 878. 00**

### **Buildings and Equipment**

Building renovations

£ 500. 00

Manufacturing machinery and equipment



£ 2, 200. 00

Office equipment

£ 200. 00

Computers

£ 400. 00

Vehicles

£ 1, 000. 00

### **Total Buildings and Equipment**

**£ 4, 300. 00**

### **Web Site Development**

Web site set-up expenses

£ 500. 00

Web site rent

£ 100. 00

### **Total Web Site Development**

**£ 600. 00**

### **Marketing Development**

Materials printing costs

£ 200. 00



Search engine optimisation costs

£ 200. 00

Facebook Marketing

£ 100. 00

### **Total Marketing Development**

**£ 500. 00**

### **Other Expenses**

Internet Setup

£ 50. 00

Miscellaneous expenses

£ 100. 00

### **Total Other Expenses**

**£ 150. 00**

### **Total Operating Expenses**

£ 14, 428. 00

### **Projected Profit and Loss**

The following charts highlight the projected profit and loss for three years.

### **Projected Income and Expense**

The following charts highlight the projected profit and loss for three years.



## **Projected Income and Expense Sheet**

The following table shows our planned three year income and expense estimates. We expect to have a gross margin percent above 10% our first year, which will continue to grow in years two and three.

The associated charts show that we will have a negative net profit for the first years with a positive net profit by year two and three.

### **Years ending: December 31, 2011 – December 31, 2013**

Current Year

2nd Year

3rd Year

31/12/2011

31/12/2012

31/12/2013

### **INCOME**

Sales

£142, 750. 00

£170, 000. 00

£180, 000. 00

TOTAL INCOME



£142, 750. 00

£170, 000. 00

£180, 000. 00

## **EXPENSES**

Cost of Goods

Raw materials and supplies

£2, 000. 00

£7, 000. 00

£7, 500. 00

Salaries and wages

£85, 680. 00

£85, 680. 00

£85, 680. 00

Payroll taxes

£576. 00

£576. 00

£576. 00

Total Cost of Goods

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£88, 256. 00

£93, 256. 00

£93, 756. 00

Sales, General, and Administration

Rent and lease expenses

£7, 200. 00

£12, 000. 00

£12, 000. 00

Insurance

£900. 00

£900. 00

£900. 00

Advertising

£720. 00

£500. 00

£500. 00

Vehicle expenses



£1, 000. 00

£1, 200. 00

£2, 000. 00

Accounting and legal services

£315. 00

£315. 00

£315. 00

Total Sales, General, and Administration

£10, 135. 00

£14, 915. 00

£15, 715. 00

Buildings and Equipment

Building renovations

£500. 00

£100. 00

£200. 00

Manufacturing machinery and equipment



£2, 200. 00

£300. 00

£1, 000. 00

Office equipment and computers

£500. 00

£100. 00

£100. 00

Vehicles

£1, 000. 00

£0. 00

£0. 00

Total Buildings and Equipment

£4, 200. 00

£500. 00

£1, 300. 00

Other Expenses

New product development



£500. 00

£500. 00

£0. 00

Web site rent

£1, 200. 00

£1, 200. 00

£1, 200. 00

Total Other Expenses

£1, 700. 00

£1, 700. 00

£1, 200. 00

## **TOTAL OPERATING EXPENSES**

**£104, 291. 00**

**£110, 371. 00**

**£111, 971. 00**

Operating Profit

£38, 459. 00

£59, 629. 00



£68, 029. 00

Less: interest expense

Profit Before Taxes

£38, 459. 00

£59, 629. 00

£68, 029. 00

Less: corporate taxes

£114, 200. 00

£136, 000. 00

£144, 000. 00

## **NET PROFIT**

**£9, 909. 00**

**£25, 629. 00**

**£32, 029. 00**

## **Projected Cash Flow**

The following table and chart highlight the projected cash flow for 12 months.

## **Break-even Analysis**

The following chart shows our Break-even Analysis



## **Financial Assumptions**

We will open a bank account for business. All the transactions are going through the bank.

I will expect to get 30% percent from net profit. Other amount will use for business development and payroll. Excess money saves in the bank account.