

# Marketing plan assignment

[Business](#), [Marketing](#)



Square, however, is the only company of the four competitors that markets two applications ND services, Square Register and Square Wallet. Square Register acts as a merchant services aggregated allowing business owners the ability to accept payments either by entering card details or swiping the card through the Square Reader. The Square Wallet gives the ability to customers to set up an account to allow them to pay for their services or product simply by the use of a barded. Economic Environment Square is a perfect product for the current economic state with declining sales rates and skyrocketing fees and expenses.

The service allows for business owners and individuals to accept debit and credit cards, the preferred method of payment by most consumers, without utilizing expensive traditional merchant services aggressors. Square provides card readers for free to its customers and this allows new small business owners to save on expenses of having to rent merchant equipment.

Individuals without store-fronts can also benefit from Square as the product is essentially priceless until a transaction is made. Marketing Plan By canyon's As a result of the economic crisis, many business owners have had to leave their store-fronts and operate out of homes.

Many individuals and business owners have had to look for ways to minimize expenses at all costs. A lot of small business owners realize that customers prefer to use debit and credit cards when making purchases 2. Competitive Analysis (Dine Martinez) 3. Customer Analysis The customers that would primarily purchase a product like the Square would be small business owners who do not have the monetary capacity to have a store-site that would have a functioning register with a credit card swipes. Another customer would be

those who have mobile businesses where a mobile transaction point would make more sense.

The initial target market would be the market that would be more technologically advanced. The tech sax. N. Y market would be the consumers who would embrace this new technology and be willing to use this in their businesses. This would most likely be an initial marketing strategy towards the Generation Y who is " techno-USAF and born from 1978 to 1994.

Generation Y grew up with technology and they have a comfort with that technology which will drive a trend more towards digital lifestyles and this will influence marketing in the coming decade to focus more on technological advances (Perpetual, Cannon, McCarthy, p. 1). Generation Y is driving the technology advancement market so it makes sense that would be the target market. The Square is very new and the advancement to be able to charge a credit card using your cell phone and an adapter like that square is very advanced and unfamiliar. Another target market that the Square would be marketed towards would be the small business owner. Small business owners are mostly using credit card processor machines which are serviced by large banks or they are only accepting cash.

The devices are proving to not be as convenient as expected considering the hidden costs, leasing fees and contractual agreements required to use the device (Ravishment, 2012). If the typical small business owner could use the Square which conveniently hooks up to their cell phone or pad and only charges a flat fee or small percentage per swipe then this would most likely be appealing over the credit card processor machine. The Square would also

provide an opportunity for growth in their sales if they offered another tender choice other than Just cash.

Considering the needs and wants of these two target markets these are definitely the prime markets for the Square product. Some attributes that people look for when buying a product like the Square would be convenience, functionality and the safety and security of the device. The cost to set- up and operate each transaction would also be taken into consideration. The convenience couldn't be any easier to set up and use. The functionality of the device attaches to the phone or pad. Once the card is swiped then the customer uses their finger or stylus to sign and that's it.

The receipt is sent via email to the customer. The safety and security of the Square would be something that consumers and merchants would look for. When a merchant using Square's current Payment Card Reader swipes a card, they are encrypting data in a far higher degree than the typical retail merchant using a standard dial-up terminal. With this new reader the data is encrypted in DES and then sent in an SSL/TLS data stream (Augural, 2012). The initial cost of the reader and applications are both free once the merchant signs up for the service.

Once they are set up then the basic cost to operate the Square device is quite simple. It is either 2.75% for swiped transactions and Square Wallet payments for "Standard Pricing" or \$275 per month with 0% for swiped transactions ND Square Wallet payments less than or equal to \$400, up to \$250,000 per year with "Monthly Pricing" (Square, Inc., 2013) One factor that would influence the customers or merchant's decision process for the

Square would be determining the need for the product and the type of need this would be.

The person purchasing the Square would most likely have an economic need for the product. If the purchaser is a business owner themselves then they would have needs that are based on the efficiency in the operation of the product, the dependability in use, how it will improve their own earnings and the convenience of the product. This product needs to improve their business (Perpetual, Cannon, McCarthy, p. 147). This investment would need to provide a return. Consumers and merchants buy my brand over my competitors because, first of all, signing up for the Square is simple, fast and not to mention free.

The user goes to the Square website and enters their email address and requests a reader. There aren't any credit checks or credit cards required. Once the user receives the reader the only information needed to set up the account is the user's social security number, bank account number, date of birth and a U. S. Mailing address. Once this information is received and verified, the account is set up for full use (Square Inc. , 2013). With Square, you can often get paid the next day and each transaction takes less time than waiting for approval and printing a receipt (Giant & Cortez, 2012).

The Square is the first of its kind and the first to be introduced to the market which also provides user's piece of mind to know that Square introduced the mobile transaction technology and was the first to provide encrypted card readers and other security and fraud protection features. 4. Market Analysis  
The industry in previous years has seen a wait of up to almost five days for

credit card transactions to translate into cash. This was the standard for large companies and small business owners alike. Small businesses and sole proprietors, who are the flow to keep their day-to-day business operations running effectively.

Square is leading the industry by making cash from sales before 5:00 p. M. On any available day in merchants' accounts on the next business day, compared with as many as two to five days out for other competitor processors. Even with other similar products in the market attempting to underscore growth in the field, Square Inc.'s payment volume has increased 25 percent since March 2012. As more consumers are embracing mobile payments, it is expected that Square will be processing transactions at an annual rate of \$5 billion, up from \$4 billion in early 2012 (Sucker 2012).

According to Juniper Research Ltd., which includes the U. S., North America, and Western European market areas, the mobile payment market may top \$170 billion in transactions by 2015, up from about \$60 billion last year (Sucker 2012). Forrester, another research firm, is keeping in line with predictions like Juniper's, predicting that the U. S. Mobile payment market will see \$90 billion spent in 2017 which is an astounding 48 percent compounded annual growth rate of the \$12.8 billion that was spent in 2012 (Theorizing, 2013).

Square Wallet currently allows regular retail customers to conduct proximity payments, which include those via near field communication (NFC), by simply moving their mobile device near a terminal that collects payment. This market segment will utilize Square Wallet to conduct proximity

payments for lower-cost purchases such as coffee, vending machine products, parking meter, and/or transit transactions with the goal of quick and convenient purchasing power. These segment customers are those enforceable transmitting transactions over their mobile devices (I. . Phone, ' Pads, and Android devices) and are looking for the ease of not carrying multiple credit cards or cash. Square Wallet will promote and drive expansion by flourishing its partnership with Struck to demonstrate to customers that mobile payment solutions are safe, effective, and easy to execute. Other areas where added convenience will drive mobile proximity payments includes fast casual and casual dining restaurants and with tier-one retailers that have integrated access to coupons, offers and rewards into the payment experience (Trade, 2013).

Growth in mobile payments driven by proximity payments, while currently the smallest subcategory of mobile payments, should become the fastest growing. Proximity payments will account for \$41 billion of payments made via mobile by 2017 (Theorizing, 2013). Additional research also expects mobile proximity payments to reach its greatest acceleration in 2014 and 2015 following a year of testing and learning on the part of both customers and retailers in 2013.

Proximity or in-store payments will be the fastest growing segment over the next few years with an aggressive 137 percent compound annual growth (Trade, 2013). C. Marketing Mix Strategies and Tactics Currently the Square has a very simplistic design. The Square is white, plastic and is about an inch square and less than half an inch thick. When a credit card or debit card is

swiped through the reader, it reads the data and converts it into an audio signal. The microphone picks up the audio, sends it through the processors and then is routed to Square's software application on the Phone.

From there the encrypted data is transmitted using either Wi-Fi or a 3G Internet connection to back-end servers, which in turn communicate with the payment networks to complete the transactions (Mali, 2009). The Square is compatible with several Apple iOS and Google Android devices. The mobile credit card reader works with the iPhone 3G, iPhone 3GS and iPhone 4, iPod Touch and iPads. On the Android platform, Square is compatible with many devices, including (but not limited to) a handful of Droids, the HTC Nexus One and mySight, Samsung Galaxy phones, LG Ally and Dell Streak.

The unique headphone Jack connection means that Square can work with more devices than other iPhone card readers can, and will be easy to implement with new devices and platforms (Sutherland, n. d.). Card numbers, magnetic stripe data, or security codes are not stored on Square client devices but rather on servers after the card has been swiped (Square Inc., n. d.). The basics of the way the swipes operate in regards to its design is simple. Since the operation is simple and the initial Square was introduced as a white square plastic "Square" we have decided to promote on a more creative platform.

One enhancement that would visually enhance the attention to the product is offering colors as an option and adding the ability to add logos or designs to the Square. You can upload your own logo or design to the Square to individualize it. We would like to tailor the designs to the users and merchants



and individualize the product design to each user. Along the lines of customizing we would also like to offer the product in gold or silver metallic, clear and one that is covered in Swearword crystals. This will provide options for different tastes.

The shape of the square will stay the same but it would be more of an aesthetic tailor than a shape or functionality of the product. The goal is to also make the product more stylish and appealing. If we can achieve this then we can satisfy all of our target customers. In offering options and creativity we are satisfying the customer's needs. With the customization, the product if purchase in any other color besides the basic white, would come with an additional charge but the white Square would still remain free. Our main focus in regards to the product would be mass customization.

By providing tailored products to meet particular needs we would make comparative shopping difficult because they wouldn't be able to get the same product anywhere else. This would shift the focus from the price of the product to the benefits that the product now offers (Mass Customization, n. D. ). Mass customization will be discussed in length in the " Price" section of the Marketing Mix. Online support, a helpline that would be available seven days a week, 24 hours a day to provide technical support for customers if they should need assistance.

This would be a benefit to Square because this would prevent any lost business transactions and this would also provide the same benefit to our customers and well as their customers. The helpline would also provide assistance to those who are not very " tech savvy". If business owners, who

are not very familiar with technology, could have someone walk them through the set-up or custom features that would infinite their business then this would provide Square with a wider market. The stage of the product lifecycle that the Square is in is the market growth stage.

Square has seen a steady increase of monthly mobile payments throughout 2011 and leading up to the end of the 2012 calendar year reporting according to the graph below: (smith, 2013) As the innovator of the mobile payment product they are seeing bigger profits as more and more customers buy. This is still a relatively new concept and product to small and mobile business owners and the trend is still catching on. The industry sales are growing fast and there are competitors that are seeing opportunity and are entering the market with their own version of the Square.

Current competitors have entered the market with a relatively similar product and price points. The chart below details the Square's competitors with their designs, features and price points. Features Square Papal Here Intuit Government Everyone Prepare Mobile Design Triangular Cylindrical Small dock ISO, ISO Android Charges 2.75% on every transaction 2.7% fee, gives merchants Papal debit card, rebates 1% instantly, lowering fee to 1.7% 2.7% fee, high-volume plan offers 1.5% rate with \$12.5 monthly fee, also offers a debit card, but no instant 1% rebate yet \$49 yearly activation fee, attitudinal merchant fees may apply Security Data encryption and PC compliant Fully encrypted and PC compliant Experience 2 years in mobile payments 12 years in global e-commerce 29 years in financial software 31 years in payment solutions (Pun, 2012) Each firm has their own competitive

strategy and there are relatively no barriers to enter or exit the market of mobile payment products. Each new entry has result in a different product in regards to the design of the product.

Each competitor has come up with their own design to appeal to their target markets and differentiate their product. 2. Channels Square card readers will continue to be shipped for free to customers who sign up via the company website, but as discussed with the offering of new card readers that will have an aesthetic custom feel to them (gold, silver, crystals, etc. ), it is recommended that these be available for purchase on Square. Com and also through our growing list of over 20, 000 retail operations for a fee (Square, 2012). Currently customers can now purchase a card reader for \$9. 5 and receive a \$10. 0 rebate, it is suggested that with the offering of the new custom designed readers, that they too be available for purchase but sans the rebate offer and with a possible higher price point. With new future retail partnerships, like the partnership with Struck, additional retail channels will be provided to sell Square products and Currently Square's main channel system is whole distribution relying on direct-to- customer e-commerce selling through Square's website entirely. This direct distribution allows Square to maintain control of marketing and also serve target customers at lower costs.

Currently only card readers are available for purchase in retail chains, but with the introduction of the new register stand it is recommended to utilize retail chain distribution for selling additional this additional Square product for continued market coverage. Limited tech retailers, and current Square

card reader distributes, such as Apple, Best Buy, AT, and Verizon, could also sell the new Square register stand and Square pad stand, in order to provide customers quick and immediate access to Square products.

This channel system would have a shared product market ointment - with all members focusing on the same target market at the end of the channel and sharing various marketing functions in appropriate ways (Perpetual, Cannon, McCarthy, p. 131). This is not traditionally how Square has handled its distribution channels, but it will assist in being able to better compete for customer business from competitor products. With new Square products being distributed through multiple chains it is important that Square think in terms of the physical distribution customer service level and how it can deliver what the customer wants.

With new card readers entering the racket the focus for Square is finding the least expensive way to achieve a high-level customer service.

Recommendations include keeping consumer and business owners informed with advanced information on product availability and/or product updates with digital emails and newsletters. It is also suggested that a distributed account be an option to set up via Square's website so that once an account is made online, information and customer service tools would assist in informing them of Square's ordering procedures and processes.

This advance communication can eliminate possible delays in orders, concerns regarding back-orders, how to request placement products for damages caused during shipment, provide accuracy in filling orders, and also give online order status information to Square distributors. 3. Pence The

pricing for Square is broken into a few components. The price for the Square reader component is offered for free. Once a customer registers and provides an email and mailing address on the Square website, then the Square reader will be mailed out at no charge.

In order to utilize the Square reader the customer will also have to download the application to have the Square program on their mobile device or pad. The application is also free. The only price associated with the Square are the fees that are associated with the usage of the services. Regards to the reader and the service. We know it is possible to manufacture and provide services at a mass produced price and we have the option to charge a premium, which we haven't done at this point. Since we don't charge for the reader and have competitively low service fees, we are retailing below the price of a custom product.

Our aim here is to open up too wider market. Offering the custom products in mass production, for instance offering colors and designs on the reader, loud allow us to provide customization and a product that would meet more of our users needs. We could add a premium to the price of the custom readers but still keep it low enough that it allows us to make a profit while also retailing below our competitors and offering something that they do not currently offer. One thing we take in to consideration when it comes to price is the cost to Square to provide the product.

We, like all other merchant account providers, have to pay interchange fees, which are ultimately sent to the banks that issue credit and debit cards, and assessments, which are how Visa and Mastered make their money. There is

also a set-up fee which costs Square \$5.00 to setup the account, \$5.00 for the card reader and \$5 for shipping on the card reader, for a total of \$15.00 per account. When those figures are taken into account, Square will lose money on every transaction below \$6 in size. We will make money for transactions between \$6.00 and \$15.00, will lose money between \$15.00 and \$18.00 and will make money on transactions larger than \$18.00. This is shown in the graph below: (Sean, 2011) From our sales figures, averaging out the profits and losses, we make \$0.01 to \$0.10 per transaction after we pay the banks for processing fees. With these figures, it would take between 150 and 500 transactions to break even on a customer. We do approximately \$10 million in volume per month and sign up 100,000 customers per month (Sean, 2011). This is why our goals are to gain customer loyalty and attract larger customers with larger transaction amounts.

Because our competitors aren't charging for their basic readers and their service fees are comparable, we do not have pricing freedom unless we offer the consumers something that our competitors cannot. If we go higher on our prices then our customers will go with our competitors and, any future or possible clients, will go elsewhere to get what we offer at a lower price. The pricing that we need to focus on is on the service portion and not on the reader itself. Previous strategies included a \$0.15 service fee in addition to the 2.5% fee per transaction. We no longer charge the \$0.15, only the 2.75%. In dropping the \$0.15 we were able to become competitive with our competitors. Initially we were the only mobile payment company so we set the standard on pricing. Once our competitors entered the market, we had to

year I would like to see Square become more competitive in pricing. I would

recommend lowering the per fee transaction fee to 2.75% per transaction. That 0.075% reduction would bring us 0.025% lower than our nearest competitor.

In lowering the fee percentage, the goal is to gain more customers. This aim of this goal is to offset the smaller percentage. We would also hope that in gaining more customers and acquiring customer loyalty that, when we do decide to increase our fees to accommodate inflation, they will stick with Square and our profits will rise. As far as the reader is concerned, our plan would be to keep the initial plain reader free but issue a low price for the custom readers that we would produce. This would cover costs to customize and provide a small profit.