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## MARKETING PLAN

MKG1200: Marketing

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## The World of Marketing Worksheet

Business Description
Masaeco is an art and craft shop along with a coffee shop all offering a unique taste of Filipino culture and delicacies. The cornerstone of the company’s business is high quality products that create a unique customer experience. We source arts and crafts from Philippines and make them available in Muncie because of the existing market gap. The coffee shop offers Filipino delicacies and an ambient atmosphere where customers can relax while enjoying the taste of our unique blend of coffee. Mission Statement
Masaeco’s mission is to ensure that the minority residents of Muncie, Indiana have access to arts and crafts from Philippines. The rationale is that the city has a significant population of Filipino immigrants and it would be important to ensure that they enjoy their culture even though they are a minority group living in the United States. The company will also operate a coffee shop where customers will have a taste of the unique Filipino delicacies (Armstrong, Harker & Brennan, 2009). Objectives
- Customer Satisfaction: the business aims at creating a business environment through which the minority Filipino community in Indiana will enjoy the unique arts and crafts from Philippines as well as enjoy relaxing moment at the coffee shop. Masaeco will ensure that products and services are offered at the convenience of the customers and that they get the highest level of satisfaction through timely services and high quality products. We expect that 50 percent of the initial customers will return within the first six months of operation for an additional purchase. We also expect that 30 percent of our sales will be accompanied by an additional purchase (Armstrong, Harker & Brennan, 2009).

## SWOT Analysis

Strength
- Culturally relevant market
- The Filipino has a widely diversified culture that leads to the availability of large and varied arts and crafts products. They also have a wide range of Filipino delicacies
- Little or no barriers of new entry
- Operations in a strong, diversified, and supportive infrastructure for the retail market.

## Weakness

- Unawareness of the requirements of import business with the regards to shipping arts and crafts from Philippines
- There is little information on the current trends in the market
- There is little skilled labor associated with operating a coffee shop serving Filipino delicacies and selling arts and crafts from Philippines

## Opportunity

- Rising demand for arts and crafts from Philippines in Indiana
- The growth of the US tourism sector requires the introduction of different cultural products
- Development of critical sectors including Retail and real estate which offers a great demand for arts and crafts
- The emergence of e-commerce and the internet facilitates quick distribution of products in the market

## Threats

- Balancing between the high demand for Filipino arts and crafts, and their supply
- Emergence of counterfeit products in the market
- Stiff competition from well established coffee chains offering Filipino delicacies

## External EnvironmentEconomic:

In the analysis of the economic environment in which the business will be operating, there are four vital factors that will affect the performance and operation of the business. They include consumer purchasing power, local currency exchange rates, local economic environment within which the company will operate, and the levels of taxation introduced by the government. The Filipino immigrants in Indiana belong to the middle and low class levels of income. This implies that they have medium to low power of purchasing coffee, arts and crafts that will be offered by the business. The US has a stronger currency compared to that of Philippines. This is a very important factor in the success of the business because most of the art and crafts products will be imported from Philippines for purposes of providing original products that will guarantee high levels of customer satisfaction. The local economic environment in Indiana has been growing in the last one decade and this is a positive sign the business will be a success. However, the US has significant high levels of taxation that may hinder the success of the business because most of the arts and crafts will be imported. The implication is that they will be subjected to import duty among other taxes. The effect is that the final product in the market may end up being sold at very high prices. This may limit the success of the business given that a significant number of the target customers are middle and low income earners. The business will comply will analyze the economic environment and develop strategies that will ensure that the business develops a competitive advantage in the market. Legislative:
The government has introduced tough rules on accounting disclosure requirements along with environment compliance requirements. Therefore, our business will ensure that its operations do not have a negative impact on the environment. We will also be publishing our books of accounts and comply with tax requirements. Social Trends:
In recent times, people have become very busy with work that they have little time to prepare decent meals. Art and craft has also become an integral part in the life of Filipinos because it represents their unique identity. It is common to find people shopping for various forms of art for the purposes of decorating their homes and places of work. These trends present an opportunity for our business to serve the market by offering products and services of high quality so as to meet their needs. Political:
There are three political issues that affect the business including industry-specific rules and regulations, the level of relationship between the US and Philippines, and the level of political stability in the US with a specific regard to Indiana. The US has fair regulations with regard to the craft industry and this is a good sign that the business will grow well in the market. For instance, the government is yet to introduce stringent regulations such as quotas on arts and crafts imported from Philippines. The US has an excellent relationship with Philippines and economists consider the relationship to be bilateral. This implies that the two countries are trade and investment partners. The US has very strong ties with Philippines and this has promoted trade between the two countries. There is political stability in Indiana because there have always been calm situations whenever the region experiences political activities. There is little record of violence and this is a positive sign that the business will not be disrupted by political instability in the near future. Ethics

## Social Responsibility

Social responsibility will be an integral part of the company because morality is the foundation for the success of any business. Therefore, the business will ensure that consumers get the best quality of products and that it promotes environmental conservation by offering environmental friendly products and services.

## Key Competitors

The business lacks key competitors in the market given the fact that this is a relatively new business idea that is yet to be applied. Therefore, the company will automatically become the business leader in Muncie.

## How can you use the Internet to beat your competition?

The company will promote its products using website marketing which increases product exposure. The company will design a website through which all product information will be made available and customers will be allowed to place orders online. This will create a competitive advantage whereby Masaeco will be delivering products in the shortest time possible.

## Global Marketing

In order to serve the global market, the business will expose its products and services through its official website and social media. The two tools will ensure that the company is available to international customers who will be able to place orders that will be delivered in the shortest time possible. Masaeco will open social media accounts on Facebook, Twitter, and LinkedIn to improve interaction with potential consumers.

## Analyzing Marketing Opportunities

Target Market Segment
The primary market segment is the Filipino and Asian immigrants living in Indiana. This is because there is a market gap yet to be exploited. There is no art and crafts shop offering products from Philippines with and this has created a growing demand for such products. Masaeco is positioned to serve three market segments in the case of arts and crafts including local customers, internet customers, and local business organizations.
- Local customers: they include the standard, walk-in customer. Most of them are Filipinos and Asian immigrants who live within Indiana and thus share the demographics of the local area. Their primary interest is to decorate their homes or places of work, and they represent the majority of Masaeco’s customers. This is specifically with respect to arts and crafts from Philippines of which we are the sole suppliers.
- Internet customers: these are customers beyond the local geographical area of Indiana and include any customer who has access to the internet. Interestingly, these customers have the same interests as those of local consumers but they have made the choice of making their purchase over the internet. Due to shipping constraints, not all internet buyers may enjoy the products and services of Masaeco because the company is yet to become an international business organization. However, most of the customers that will be served will be from the immediate proximities of Indiana.
- Local business and organizations: this market segment consists of customers who are interested in Filipino arts and crafts in large volumes. They make the smallest segment for Masaeco but typically make larger purchases compared to the two market segments. We will be offering volume discounts to encourage purchases from local businesses.
Masaeco coffee shop will cater for individuals who want to get a taste of the Filipino delicacies in a relaxing atmosphere. Such customers vary in terms of their age but the business will be located near a working station or an academic institution. This implies that we will be targeting both the working population and students from the surrounding schools. Our marketing research reveals that these are very sensitive customers who have a great taste for better tasting coffee among other delicacies. Masaeco will offer a unique customer experience by ensuring that the Filipino delicacies are served to the satisfaction of the customer. A lot of college students and employees consider coffee shops to be a convenient place where they could study, hold meetings, and even relax after a hectic day at school or place of work. Interestingly, they can access such services without making extra payments and this will provide a unique opportunity for Masaeco to build a loyal client base.

## Product Positioning

We want consumers to view Masaeco as a company that not only offers art and craft materials, but one that gives real value in terms of ideas, techniques, and designs. We want to become the most trusted business dealing with arts and crafts from Philippines, and a coffee shop that offers the best Filipino delicacies in Indiana. Since the main target demography is the Filipino living in Indiana, Masaeco will offer original arts and crafts with the aim of creating a sense of belonging among the Filipino. The coffee shop will provide top quality services at affordable prices accompanied with a calming and relaxing atmosphere. It is also important to note that we will not be having any competition since this is a new business opportunity that is yet to be exploited.

## Marketing Research

Masaeco’s marketing research aims at answering two critical questions which include:
1. Will the target market make a buying decision based on factors other than price?
2. Will the new product extension hurt our brand image with our current customers?
Findings indicate that consumers will make purchases based on a number of factors including price, product offer, and product quality. We expect that consumers will integrate the three factors in making a buying decision. However, we do not expect that a brand extension will hurt our brand image with our current image because we will ensure that there is a connection between the complementary product and the parent product.
The art and craft from Philippines business continues to be very challenging and interesting as evidenced by the fact that there is yet to be such a business in Indiana. The same applies to the establishment of a coffee shop. Our market research analysis reveals that the category of wall décor, framed art is commanding a substantial portion of the total market share for arts and crafts from Philippines. Additionally, there are other alternatives to wall décor including decorating shelving, sconces, mirrors, handicrafts, and tapestries (Armstrong, Harker & Brennan, 2009). According to our survey, we have discovered that 54 percent of the Indiana populace desire Phillipino art. These purchases can be categorized as pre-framed art, original artwork, custom framing, and unframed art. We used this information to predict the purchasing patterns for the Indiana market. Below is an analysis of key demographic information for general category of art and craft from Philippines:
- Consumers between the ages of 35 and 50 years are more likely to make multiple purchases while their counterparts aged between 18 and 25 years are more likely to make singular purchases.
- Consumers on the high income bracket ($50, 000+) spend an average of 20 percent or more of their income on arts and crafts.
- Employees within the middle income group spend an average of $80 on a piece of art compared to college students who spend $31 per piece.
- Older consumers within the bracket of 50 years and above spend 20 percent less than their younger counterparts.
- Households with higher income and level of education spend more on custom frames.
- Consumers with higher levels of income and education spend more on original artwork compared to the low income and less educated households.

## Types of Art that people do buy

There are numerous categories of artwork including Still Life, Abstract, Religious, Domestic Animals, Military & Aviation, Floral, Landscape, Maritime, Portraiture & Romance, Music & Dance, Camouflage, Fantasy & Humor, Sports, Birds & Waterfowl, Western, and Wildlife (Armstrong, Harker & Brennan, 2009). During our research, we noted that these types of arts fluctuate in terms of their popularity depending on factors such as season and décor trends. However, approximately 40, 000 of the population in Indiana buy art so this is a good market for the business (National Consumer Report). In recent times, there has been a shift from wildlife art towards contemporary artwork such as landscape, and fantasy and humor. Research studies also reveal that customers from affluent and highly educated households place a premium on unique and high quality merchandise.

## Demand for Coffee

Generally, there has been an increase in the demand for coffee in the US and this also applies in the case of the level of demand in Indiana. Coffee drinkers in Indiana have very high demands and they favor exotic coffee drinks. However, the Filipino consumer has been ignored for a long time because there is little or no selection of coffee from Philippines by the existing coffee shops.

## Product Decisions

Product Issues
Since we will be dealing with art and craft from Philippines, and coffee products, there are a number of product issues that will be affect the business. Some of the critical product issues will include warranty, documentation, and distribution. Others issues include income tax preparations, labor regulations, and cultural issues. The business will ensure that there is adequate consideration of the mentioned issues to ensure the success of the products and services in the market.

## Brand

Our business will provide all of its services and products under the Masaeco brand in order to create a strong associate between customers and the company. We aim at creating a very strong brand that will be associated with quality and affordability among the target customers. This is based on the idea that the business is new in the market and is introducing unique products in the Muncie market in Indiana.

## Packaging Issues

Some of the packaging issues that face the products that we will be offering include environmental conservation and safety. The company will ensure that the packages can be recycled or reused. Coffee will be served in plastic cups that can be reused while art and craft products will be packaged in reusable paper bags.

## Product Life Cycle Issues

In Muncie, art and craft is in its introduction stage because there is yet to be a business providing craftwork from Philippines. Additionally, Filipino delicacies are in their introduction stages and this offers a great opportunity for our business to command a significant market share. As a new and sole entrant in the market, we will use the penetration strategy where we will be charging high prices in the initial stages but they will be lowered as gradually over time.

## Service Quality Issues

The main service quality issues include poor quality and late product delivery. We will handle the issues by ensuring that we offer the best services in the market. Customer feedback will be considered in business decision making to ensure that our services match the needs of customers.

## Distribution Decisions

Method
Masaeco will be directly involved in the distribution of art and craft materials from Philippines and the Coffee shop will also be owned and operated by the company. However, the company will be making supplies to retail businesses in Indiana.

## Distribution Facilities

We will be operating out of a modern warehouse and an office which will be located in Indiana for easy access to the various networks of distribution in Indiana. The company will establish a dedicated showroom where all the brands will be merchandised to facilitate new customers. The warehouse will also ensure that we seize the opportunity to install new ranges of products into different stores within Indiana. The coffee shops will be facing the main street within their location and will have an entrance to ensure that customers easily recognize the coffee shop without much effort. Generally, our intention is to locate our premises within the city center where there is high population density.

## Retailing Mix

Product
The company will be offering artwork from Philippines and Phillipino delicacies to meet the existing gap in the market.
Price
Masaeco will be offering affordable prices for its products and services. However, the price level will ensure that the business covers its operating costs. There will also be price discounts aimed at attracting price conscious customers.

## Personnel

The company will use professionals in the fields of art and craft, and hospitality to ensure that the customers get the best services. The professionals will be trained in customer service to maximize on the opportunity to offer unmatched services.

## Web Site Strategies

Masaeco is currently developing a website with the address http://www. HartFraemeGallery. com and will serve three purposes including:
- Serving as a reference for both customers and members of staff at Masaeco. A website will be convenient for the company because it is an effective way to centralize information and make it easily accessible to customers.
- Serving as an online store where customers can place orders as well as select their artwork of choice. However, we are expecting that the website will generate only a small amount of cash for the business but we will finance its operations using additional cash flows.
- Providing company information including contact information and the various services that the company will be offering.

## Promotion Decisions

Objectives
- Create a very strong brand awareness that will ensure steady revenues for the company on a monthly basis.
- Increase sales levels while reducing the cost of promoting the company products and services.
- Develop awareness on the existence of all the products and services that the company will be offering in the market including the terms of service.

## Media

Social media will play an integral role in the promotion of our company products and services because of the high number of followers available on social media sites. Our company will rely on the use of LinkedIn, Twitter and Facebook in promoting our products and services. We will create accounts in the three social media sites from where we will be able to interact with customers who will be making enquiries as well as placing orders for the products of their choice. We will also display our art and craft collection along with our coffee shop premises in the social media. The two businesses will be promoted using the same social media accounts because they complement each other in terms of creating a unique identity for the Filipino community.
The television and radio will also play an important role in promoting our products and services. This will be achieved in terms of television and radio commercials to ensure that we extensive reach the target market. The specific television and radio commercials will include testimonial advertising and bandwagon type. However, we will be cautious on the use of radio and television because they are very expensive for a start-up business. Therefore, we will start by using social media and eventually graduate to the use of television and radio commercials once the business will be financially stable. Our official company website will be used in promoting our wise range of products and services and we believe that the promotional efforts will be effective in attracting large numbers of customers.

## Public Relations Activities

Masaeco will put considerable effort into preparing and spreading a regular flow of information in form of press releases. The releases will be based on stories about our latest collection of art and craft from Philippines, new coffee menus, business activities, corporate clients, and our staff. The company will rely on the services of a professional public relations adviser who will help the company in writing copies of publications that will be made available to the public free of charge. We will also use the press to address any negative information related to the company. The company will be involved in cultural events organized in conjunction with the Asian and Phillipino immigrant communities.

## Sales Promotion Tools

Sales promotion will play an important role in driving the demand for our products and services and it is equally important that we select the best tools to ensure that we get significant demand. First, we will be using free samples whereby we will be distributing free samples of our arts and crafts from Philippines. However, we will be targeting trade shows and exhibitions such as the Spring Art Exhibition where we will be offering limited supplies of free samples available for view in order to reduce the possibility of customers hoarding samples. Second, we will be offering money back offers since this is a new business and customers may develop the tendency to doubt the quality or reliability of our art and craft from Philippine. The business will be offering a detailed explanation of returns that customers will be qualified for in case the product will not meet their expectations. Third, the coffee shop will be offering refills at half prices to customers in order to motivate customers to buy another drink.

## Sales

Our line of business requires excellent selling skills. Therefore, we will hire the services of highly qualified salespeople to ensure that we record high levels of sales. We will also use the contact management system that will allow us monitor the success of the different promotional strategies and marketing messages to our customers.

## Pricing Decisions

Strategy
Masaeco will charge its products and services at affordable levels where the business will still be in a position to record attractive profits. The affordable prices will enable customers get access to most of our products and establish our business as a business that offers pocket friendly products and services. Basically, the business will be pursuing a customer-based strategy whereby prices will be charged based on what we believe customers will be willing to pay.

## Price Comparison

A cup of coffee at our coffee shop will be retailing for a dollar compared to other premises where they cost as much as three dollars. However, we will be mainly offering Philippine coffee flavors.

## Implementation

- Research and development
We will rely on both primary and secondary research to determine the price levels for different categories of art and craft from Philippines. The same will apply with the coffee shop. However, we will consider the cost of production and factor it in the prices for the goods and services that we will be offering.
- Testing of New Product
The business will conduct a one week trial on consumer perception of the product to determine their purchasing patterns. This will involve free offers and collection of customer feedback.
- Official In-Store
Based on the responses from the testing phase of the new product, the company will start shipping the crafts from Philippines and inform the target market of the availability of the products.
4. Product Launch
The product will be launched in April along with a product catalog and price list. The occasion will include free offers for the first ten customers while the remaining guests will pay a discount price for the crafts.

## References

Armstrong, G., Harker, M. & Brennan. (2009). Marketing An Introduction. New York: Financial Times Prentice Hall.