

Class and sophistication situational analysis marketing essay

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



The most important bit of a marketing plan is to ensure the business has a situational analysis which provides a precise understanding of its current position and a clear idea of where it is heading.

SWOT analysis

A SWOT analysis includes identifying and analysing the internal strengths and weaknesses of the business, and the external opportunities and threats.

Below is a SWOT analysis based on In & Out and the area surrounding it.

Internal

Strengths- No bed and breakfasts nearby, only a few places of accommodation nearby- there are a large amount of supermarkets, doctors, car parks, petrol stations and hospitals located nearby- friendly neighbourhood, welcoming to families who wish to stay- modern facilities provided including new furniture- The business has been successfully operating for 10 years which makes it well known and trusted- Skilled workers who have been in the industry for a long time- the business has been operating for 10 years which makes the bed and breakfast affordable to the company
Weakness- Business will start without a set customer base- Advertising to get the business known will cost a lot- Might be a slow start due to isolated area- the company has no experience in running a bed and breakfast- the location doesn't have many tourist attractions- due to the businesses lack of knowledge of the area, the business may not have correct facilities to provide customers

External

Opportunities- Business will be successful all year round- Drop in interest rates- Locals telling others about the business- visibility due to being in a busy street- deserted location- in the same street as many other businesses, which can allow the business to maintain local consumers- holiday destination- not many major competitors around area- activities in area that attract many tourists
Threats- Possible competitors- Weather changes that could stop the business from getting busy- competition with hotels- interest rates- economy- government policies

Product life cycle

The product life cycle includes introduction, growth, maturity and decline which are stages a product passes through. In & Out is currently at the introduction stage due to it being a start-up business. See appendix pic 1.

Introduction stage

Product: - the image of the product which is that the bed and breakfast is clean and safe and also focusing on customers' needs and wants. Also to target people visiting orange and families wishing to stay in the family friendly environment. Price: the business will use price skimming strategies due to there not being many competitors so they are able to set a high price and then lower it later when required. Promotion: product awareness is very important and can be expressed through promotions online, the local radio, billboards, flyers, and also deals and packages. Distribution: the bed and breakfast is in a popular location and a visible area because it is situated on a busy street with many other businesses.

Market analysis

A marketing analysis is when the business evaluates its marketing strategies as compared with those of its competitors. In & Out doesn't have many major competitors around the area, only other forms of accommodations located nearby. Weather conditions are not an issue with the business and will not affect sales. The business has the opportunity to set their own prices due to their being nothing to compare to. The picture (refer to pic 2) outlines that there are no bed and breakfasts around the area, the blue pins indicate that it is a hotel/motel. This provides the business with an advantage due to having no local competitors.

Establishing marketing objectives

Marketing objectives are the realistic measurable goals to be achieved through the marketing plan. These goals are very important for In & Out to gain an idea of what is set for the future of the business and how success can be achieved. Increase market share: market share refers to the business's share of the total industry sales for a particular product. This can be reached through constantly improving and creating promotion strategies, such as sales/cheaper prices, package deals, variety of breakfast options and good service to gain a reputation. Expanding the product mix: product mix is the total range of products offered by a business. This can be achieved through packages aimed at couples and families, kid's prices, kid's meals and providing a selection of rooms/breakfast to choose from. Maximising customer service: customer service means responding to the needs and problems of the customer. this can be accomplished through asking

customers what they want, training employees and rewarding them for excellent customer service, anticipating market trends by conducting research, finding out what competitors are offering and then reviewing the product mix, establishing and maintaining long-term relationships with customers and encouraging employees to focus their attention on the customers' needs and not just on making a sale.

Identifying target market

A target market is a group of present and potential customers to which a business intends to sell its products. The three target markets include: Mass market - which targets a large range of customers Market segmentation - which is targeted at a group of people who share one or more common characteristics Niche market - which is a narrowly selected micro market In & Out's target market is a niche market because it is a bed and breakfast which is only targeted at people who visit orange and need a place to stay overnight. It is targeted at families, couples, farmers, people on road trips and relatives of local residents.

Developing market strategies – 7 Ps

Marketing strategies are actions undertaken to achieve the business's marketing objectives through the marketing mix (four Ps of tangible goods and three Ps of intangible goods). This is the next step in the marketing plan for In & Out to achieve their marketing objectives.

Product

Products are goods or services that can be offered in an exchange for the purpose of satisfying a need or want. The business aims to achieve a reputation of providing high quality service and products. It aims to set a name for itself which is of high standards and the best service possible. The main image of the business is that it is a modern bed and breakfast in a family friendly area that is clean and safe. The business's guarantee is that you will get what you pay for, which is the best possible service at the lowest price. The business provides customers with the total product concept which consists of the tangible and intangible aspects of the bed and breakfast. The tangible benefits that the business provides include the house, the bed, pool, wine cellar, backyard swing set, furniture, entertainment such as TV, radios etc., appliances and breakfast. The intangible benefits that the business provides include the relaxation of staying overnight, the modern atmosphere of the house and high quality service, geothermal floor heating, free Wi-Fi, the dependability that it offers through the friendly neighbourhood, the idea that the company running the bed and breakfast has been operating successfully for 10 years which means it is reliable and the location because it is situated in a busy street with a shopping centre. The business will offer a range of meals for breakfast which are ordered upon arrival to be cooked the next day and ready for guests as soon as they awake, breakfast is paid for as part of the deal. In & Out will differentiate its products which will allow them to gain a competitive advantage building brand awareness, product leadership and develop good customer relations. The business will trademark their name/logo which will help contribute to building brand awareness. The

business aims to be a first preference with customers when looking for somewhere to stay in orange through their earned reputation of reliability. (see pic 3 for menu)

Price

Price refers to the amount of money a customer is prepared to offer in exchange for a product. In & Out aims to provide customers with a low price whilst providing high quality goods and services. The business will use cost-based pricing which is a pricing method derived from the cost of producing or purchasing a product then adding a mark-up. This method is used because the business has no competitors so the mark-up price is up to the business. The business will take advantage of the fact that it is the only bed and breakfast in the area and use the price skimming strategy which consists of setting high prices to start with, although they will be lowered later depending on businesses progress and economy. In & Out provides customers with a high amount of packages they can purchase when staying in the home. It aims to attract customers through such low prices and great deals. The bed and breakfast will be first choice for people in that area due to there being no other option. Although there are other forms of accommodation, they are not located near the bed & breakfast so they are not much of an issue. Prestige/premium pricing is used so that a business gains a high quality/status. The business aims to use bundle pricing to achieve brand awareness; this will attract customers due to the cheap packages provided. The business will not be using price penetration or loss leader pricing strategies, due to their being no competitors which means

they are able to set their own price which is high and then lowered later.

(See pic 4 for prices)

Promotion

The business is a start-up so it plans to use many strategies to get it known.

The business aims to promote through packages and specials. These will include room package deals and specials during different seasons and holidays. It will be advertised through Our Home Pty Ltd and also through the local area of orange. The business will use a promotion mix of methods to increase awareness. They will use advertising as a promotion method to increase sales and profit for a business and attract customers. The business wishes to advertise through methods such as online promotions through their website and accommodation sites, the local radio station, local newspaper, billboards, flyers, informative brochures and also deals and packages. Its promotions will be targeted at families, couples, farmers, people on road trips and relatives of local residents. Customers will be able to contact In & Out to gain more information on the business' service through their website, phone number and email. The business hopes to expand their customer base to increase sales and profit through advertising. The business will use sales promotion strategies such as coupons in local newspapers, premiums such as complementary wine from the cellar and refunds if there are any issues with their stay although there are conditions applied. Guests will be able to rate the bed and breakfast and leave feedback on the website. Our Home Pty Ltd will help promote the business through publicity and public relations. This will create a positive image for

the business, explain the services it provides, and inform people on issues that may affect the business's sales prior to it happening and also crisis management which involves protecting its reputation. The business will ensure that there is no noise in the channel process of communicating the message of the business to customers. The business mainly hopes to create brand awareness through positive word-of-mouth by customers who have stayed at the bed and breakfast and enjoyed their stay. The In & Out website will also include a survey that allows customers to select how they heard about the business. Every guest receives a complementary bottle of wine from the cellar.(see pic 5 for packages)

Place/distribution

The bed and breakfast has been placed in orange because it is a popular area and has a high amount of tourist attractions. The house is situated on a large space of land which is 247. 11 acres and the house is 54 squares. It features 6 bedrooms, 3 bathrooms and 6 garage spaces. Although it is mainly deserted, it gets a lot of tourists and people who wish to buy land to run a farm. It is situated in a busy street with many other businesses which means it is visible. It is located 1 min walking distance from Orange City Centre which has stores such a Big W, Myer, Sanity, Factorie, Diva and many more. In & Out will attract customers from the businesses next to it. Being in a busy street gives it an advantage because it will be recognised all the time. There are no bed and breakfasts located nearby which gives the business an advantage, although there are other sorts of accommodations such as hotels that are streets away. In & Out will be first choice when selecting somewhere

to stay in that area. Non-store retailing distribution methods include internet marketing through the business's website and ads featured on other sites. The distribution channels that the business will undertake include producer to wholesaler to retailer to customer. This is beneficial for the business because they will purchase the food in bulk which will save the business money. Inventory will be stored in a warehouse owned by the company, and will be transported to the bed and breakfast through a truck also owned by the company. This includes employees ensuring that stock is refilled everyday so that food is available on demand and doesn't run low. The business has breakfast readily available for guests as soon as they wake up. There will be 3 staff present at all times to ensure that everything is taken care of. Two are in charge of cooking and cleaning and one is in charge of checking in and dealing with finances, reports etc.. They will be in charge of making sure rooms are neat and up to high standards and breakfast is served on the dining table in the morning with a variety of meals to choose from. Employees will be in charge of ensuring food is available to be accessed at all hours of the day and when requested. The business's market coverage falls under exclusive distribution due to it only being available in that one area and can only be accessed from that area. The business is located near supermarkets, doctors, car parks, petrol stations and hospitals which means it's situated in a great area. There is also a large amount of street parking available and a park right across the road. The large amount of local businesses will help bring brand awareness by attracting passers.

People

The people element refers to the quality of interaction between the customer and those within the business who will deliver the service. In & Out only hires the most skilled employees who possess high levels of customer service.

Customers are first priority at In & Out. They will offer exceptional customer service which will form good customer relationships and a good reputation for the business. The employees are the human face of the business and will portray the sophistication and reliability of the business. The staff will be able to speak to customers, deal with enquiries and handle complaints in an appropriate manner. Complaints will be considered as constructive criticism and taken into consideration for the business. The business will develop a culture of customer focus and put it into practice. The business is true to its claims, customers are first priority. The business aims to structure its strategies to suit the needs and wants of customers; it is all about customer loyalty and maintaining good customer relationships. Good customer service is an intangible aspect that the business provides consumers with. The business strives to work towards customer satisfaction by establishing positive relationships with customers and catering to suit customers' needs and wants. In & Out is a customer orientated business and aims to achieve customer satisfaction in all aspects of the business.

Processes

Processes refer to the flow of activities that a business will follow in its delivery of a service. The business processes consist of preparing breakfast from 6: 30 am in order to have it ready prepared for when guests wake up;

the breakfast bell goes off at 7: 30. Once customers have checked out, staff have the role of ensuring everything is clean, dishes are washed, trash cans are emptied, all rooms in the house are vacuumed and dusted/wiped, food is restocked, beds are made with new sheets/quilts/pillow cases and rooms are cleaned to perfection to ensure new guests are left satisfied with the cleanliness. The business must ensure that the house is perfect when guests arrive and ready for them to stay in the room. Everything must be up to high standards to ensure that customers are left satisfied. The process of booking a room is easy and can be done by filling out a form and paying a bond either online or over the phone. In & Out makes the whole process of being a customer at the bed and breakfast easy and simple. (see pic 6 for full processes list)

Physical evidence

Physical evidence refers to the environment in which the service will be delivered. It also includes materials needed to carry out the service such as signage, brochures, calling cards, letterheads, business logo and website. In & Out shows high quality physical evidence to create an image of value and excellence. The luxuriousness of the business is expressed through the facilities provided and the actual house in general. The prestige and high quality of the bed and breakfast is outlined through the services provided. Promotions for the bed and breakfast will reflect the high image that the business maintains. They will be a representation of the sort of high quality products and services present in the bed and breakfast. Every guest is treated like royalty for the night they are there.

Implementation/monitoring and controlling

This involves keeping track of where the business is at and further steps they are to take. Once the marketing plan has been implemented, it must be carefully monitored and controlled.

Implementing the marketing plan

Implementation is the process of putting the marketing strategies into operation. It involves the business' daily, weekly and monthly decisions that have to be made to make sure the plan is effective. The implementation process includes evaluating the next step for the business. The marketing plan works well with all sections of the business and helps provide a clear understanding of what to expect from the bed and breakfast. The business will stay structured and organised through rosters and records of stock/inventory. Staff at the bed and breakfast are able to contact management through the computer provided or the phone. The business only hires the most skilled workers to complete specific tasks. The hired staff are motivated and focused on achieving business goals to help the business succeed. All staff associated with the In & Out bed and breakfast are aware of the business's goals. The business trains staff to be able to deal with all types of situations they are put in.

Monitoring and controlling the marketing plan

Monitoring means checking and observing the actual progress of the marketing plan. Employees are in charge of informing the manager of any important changes or effects on the business. This can be done through customer feedback and their perceptions on the business and any alterations

they wish could be made. The business will take these recommendations into consideration to ensure that they listen to what the customers want. The business will work on any piece of feedback they receive to apply it to the business if possible. The information collected during the monitoring stage is then used to control the plan. Controlling involves the comparison of planned performance against actual performance and taking corrective action to make sure the objectives are attained. This can be accomplished by the business considering what it wishes to achieve as a marketing objective and whether or not it is on the right track to achieving this. The business needs to develop a key performance indicator which is a forecast level of performance against which actual performance can be compared. The key performance indicator is to increase monthly sales by 5%. This will ensure the business is achieving goals for success. The second step will be commenced later and it is when the business compares actual performance to KPI.

Developing a financial forecast

A financial forecast details the costs and revenues for each marketing strategy. It requires two steps: Cost estimate: costs of the marketing plan include market research where the business will need to discover more about its competitors, product development which includes the price of ordering food and ensuring a sufficient amount of supplies are present at all times, promotion which involves the costs spent on getting the business out there through advertising etc. and distribution which is how the business will present itself. Revenue estimate: this is how much sales the marketing plan

will generate. It's all about what consumers are expected to buy and for what price, and what sales staff predict will sell. This can be applied to the breakfast meals and room packages. In the future the actual revenue can be compared to the forecasting revenue.

Comparing actual and planned results

The key performance indicators used to measure the success of the marketing plan are: Sales analysis: a sales analysis is the comparing of actual sales with forecast sales to determine the effectiveness of the marketing strategy. This process will be conducted later on in the business life, once it has kick started. Determining the effectiveness will help the bed and breakfast realise its strengths and weaknesses within the business in depth. Market share analysis/ratios: this involves the business undertaking a market share analysis; a business is able to evaluate its marketing strategies as compared with those of its competitors. This will also be conducted later on and will allow the business to see whether their marketing strategies are increasing or decreasing sales. It also allows them to see if it is due to external factors which they cannot control. Marketing profitability analysis: marketing profitability Analysis is a method in which the business breaks down the total marketing costs into specific marketing strategies. This analysis allows the manager to gain an understanding on which specific activities are causing increases and decreases in sales. It helps them to alter their strategies for the future.

Revising the marketing strategy

Once the results of the sales, market share and profitability analysis have been calculated, the business is now in a position to assess which objectives are being met and which are not. It gives them a clear vision of what is working for the business and what isn't. This can be done by performing changes in the marketing mix through production modifications, price modifications, place modifications. Also by new product development which could possibly include new additions to the breakfast menu, new packages/deals, extension to the house for more rooms, changes in room layout and prices. Also product deletion which is basically getting rid of what isn't working for the business. This means the aspects of the business that do not contribute in increasing sales.