

Marketing plan for carpet company



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Cheshire Carpet Care is a start-up eco-friendly carpet cleaning and repair services provider. Our goal will be to achieve a 100% customer satisfaction rate. The main focus of the company will be on service quality. We are committed to providing our customers superior service above other companies currently in our field. Research has indicated that there is a great demand for eco-friendly chemical free option for their homes. The current market has a wide variety of companies offering carpet cleaning and repair services. What the market lacks is a quality option in environmentally friendly services. The two principle officers of the management team have combined experience of over 25 years in the industry. This collective experience provides extensive knowledge in the customer service and maintenance fields.

Our demographic is primarily middle-aged individuals with families. Typically, they prefer quality over value when it comes to protecting their health and their children. Quality is our top priority. We will be implementing quality control procedures such as follow up calls with customers and making sure we meet all state regulatory standards.

The capital required to start our company is projected to be \$840, 000. This will cover all initial start expenses such as van mounted cleaning units and vehicles for operation. All ongoing expenses will be covered by future sales. The loan we acquire from the bank is estimated to be paid back within 5 years. Our expected customer base will grow the most within the first 5 years and then even out after. Our marketing line of attack includes direct mailings, door to door solicitation, and vendor packets given to various properties throughout the valley.

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Situational Analysis

Company Analysis

Cheshire Carpet Care is a cutting edge start-up organization that is entering its first year of business. We appreciate the essential need for a complete marketing plan. We understand this will help ensure the profitability of our company. Cheshire offers a residential and commercial carpet cleaning service that is professional and dependable.

Cheshire has very good information about the market and its managers know a great deal about the characteristic of its most prized customers. Cheshire Carpet Care will use this information to better appreciate who is being served, their specific needs in carpet care, and how to better correspond with this group.

Strategic Plan and Focus

To achieve the objective we have projected, Cheshire has established goals and intentions as an insight for our guaranteed success. With our competitive advantage and our main environmental pledge, this will be the key to our planned direction and focus.

Mission Statement

Cheshire Carpet Care will strive to become the leader in advanced carpet maintenance with no harmful effect to the environment.

You can be certain your family's overall wellbeing is our main concern.

Company Resources

Cheshire is a passionate company with effective leadership.

Possesses a well designed training program guaranteed to capture intellectual candidates for the organization.

Dedicated employees.

A large percentage of the public looking for eco-friendly alternatives to cleaning their homes carpet.

Cheshire Carpet Care is a fresh new face in the market.

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Cheshire is offering its customers a professional residential and commercial carpet cleaning service, primarily aimed at the upper levels of the market. Cheshire seeks to fulfill the following benefits it knows are significant to its customers.

Professionalism:

All employees are trained to display professionalism with every interaction with customers.

Convenience:

Cheshire will provide its services in the manner that is most convenient to the customer. This includes arranging for visits even when the owner is not home at the time.

Trustworthiness:

Many consumers have valid concerns when it comes to a cleaning service in their home. They are apprehensive because of the possibility of theft and breakage. These concerns have been eliminated or significantly reduced through our complete screening and training process for employees. Additionally, Cheshire Carpet Care has insurance specifically designed to cover any loss that the customer may attribute to the company.

Major Constraints

Labor-intensive industry.

Usual time lag when having to build goodwill and confidence.

Difficulty in establishing the company name due to being a start-up company.

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Major Screening Criteria

Non- Financial

Cheshire Carpet Care will attempt to attain the highest level of customer satisfaction. The service provided by the company will be greatly above all competitors. This level of service is further accomplished by guaranteeing that the highest level of quality is maintained at all levels. Cheshire Carpet Care is dedicated to protecting its customers 100% from harmful chemicals any detrimental fumes. This dedication extends to the protection of the environment.

Furthermore the company is extremely devoted to its employees. By maintaining superior working conditions for all our employees we can develop top notch and dedicated team.

Financial

The foremost financial goal of Cheshire Carpet Care is to gain maximum market presence over the first 5 years with market saturation within the following 5 years. As we reach market saturation, sales will slowly but gradually increase. With the initial loan of \$840, 000 we expect to make \$5. 4m in profit per year for the first 5 years. Profit will increase annually for the next 5 years and onwards. The initial loan will be paid back within the first 5 years.

Marketing Collaborators

Current

Each of our employees currently has a list of 30-60 target accounts. The goal of the employee will be to build relationships within these accounts and to

gain contracts whenever possible. We will then scope out available solutions to their problem. We have teamed up in a joint marketing plan with Mad Hatter Janitorial to maximize the level of marketing in the area. Marketing materials will help in our sales by addressing the different benefits to using a vendor team.

Potential

Interactive events such as trade shows and vendor mixers would be effective in helping acquire new accounts. This is also where additional decision makers at companies can get involved. We will branch out to sister companies of current clients showing the benefits we offer. We will also ask for client referrals whenever possible.

Critical issues

Cheshire is still in the exploratory period since it is a start-up company beginning its business. The critical issues that Cheshire faces are to continue to take a modest economic approach and expand at a reasonable, gradual rate. This expansion should only happen if there is adequate demand and the quality of our services does not diminish.

Customer Analysis

Product-market

A study was conducted in Housekeeping Magazine about carpet cleaning customers and their lifestyles and demographic characteristics. The results showed that 76% of participants were females, with 60% being the second income in the home. This research indicates we should find similar findings within our target market. In addition, the independent survey which was

conducted by Cheshire Carpet Care has provided the initial grounding for the potential consumer.

Survey Example

Cheshire Carpet Care is conducting a survey of local area households as consumer research for our new company. Cheshire Carpet Care will offer carpet cleaning services that will cost \$95 per room. We greatly value your input and your time in completing the following questions. Please circle the appropriate answer that would best describe your current position. Thank you for your time.

Age:

<18

18 – 25

25 – 40

40 – 60

60+

Sex:

M

F

Education Qualifications:

Some high school

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Diploma or GED

Some College

College Degree

Total Average household income:

<50, 000

50, 000 – 80, 000

80, 000 – 100, 000

100, 000+

Amount spent on carpet cleaning in the past 12 months (either do-it-yourself or company services):

<\$100

\$100 – \$300

\$300 – \$700

\$700+

Are you afraid of chemicals used to clean in the cleaning of your carpets?

Very

Somewhat

A little

No

How frequently would you vacuum?

Daily

Weekly

Bi-Weekly

Monthly

Rarely

Where do you mostly purchase your carpet cleaning services from?

Grocery Store machine rental

Where a friend has recommended

Where you find best price/coupon

N/A

What is the most important feature to you when choosing a carpet cleaning company?

Value/Cost

Quality/Performance

Recognized brand name

Convenience

Which is the most important when choosing this type of service? (pick one please)

Commentary on the internet

Word-of-mouth

Sales representative

Advertising

Endorsements

Guarantee

Will you use Cheshire Carpet Care services?

Yes

Maybe

No – too expensive

No – I do my own

Possible Segmenting Dimensions

The market trend in carpet cleaning has shifted from individuals doing the cleaning of their carpet themselves to relying on companies. Less and less families these days have time to rent heavy machinery and clean their carpets. There is a current trend toward having a carpet cleaning service come into a home on a monthly basis.

This market shift has created more and carpet cleaning services to start up. The change from individuals cleaning their own carpet to companies being hired is evident. There has also been a shift in people using the same service providers for years to going through many different companies, often due to being unsatisfied with their services. This change in the market has created a friendly environment for a cleaning service provider whose primary goal it is to develop a long-term relationship with its customers.

Target Markets

Cheshire Carpet Care will provide a residential and commercial carpet cleaning service primarily for the upper classes in the market. Cheshire will have three target customers:

The well-off home where one spouse does not work. They are not prone to do any cleaning or carpet care. To many in this market, a hired carpet cleaner is an indication of wealth. This idea symbolizes this group of customers.

The two-income household typically has little time to spend cleaning the carpet and decides they would rather pay to have it done due to the hassle.

Commercial property management companies who have the task of “ Make Ready’s” for apartments, etc. The potential of growth in this area is extremely high but also very hard to acquire.

Cheshire will offer a wide range of carpet cleaning to these targeted customers. Carpet cleaning will range from the cleaning of a standard room to more unusual jobs like small disaster clean up and flood.

Potential Size of Market

There has been a steady growth in the market for residential and commercial carpet cleaning services within the last few years. It has become a \$258 million dollar industry. The growth rate is estimated to stay around 10% for the next five years.

The growth of the market will be better than average due to Americans working longer and longer hours. The outcome is that people have less time to take care of the maintenance responsibilities of their homes, such as carpet cleaning. Instead, people would rather work longer hours and pay someone to take care of it. It has become one of the less important or less desirable responsibilities of home ownership.

Market Analysis

2011

2012

2013

2014

2015

Potential Customers

Growth

Residential one-income families

11%

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1, 876

2, 082

2, 311

2, 565

2, 847

Residential two-income families

13%

3, 444

3, 892

4, 398

4, 970

5, 616

“ Well Off” families

6%

2, 876

3, 049

3, 232

3, 426

3, 632

Small-Med commercial properties

11%

1, 342

1, 489

1, 636

1, 783

1, 930

Large commercial properties

13%

2, 548

2, 879

3, 210

3, 541

3, 872

Total

9. 79%

12, 086

13, 391

14, 787

16, 285

17, 897

Key Influences

The geographical site of our market will initially be Las Vegas, N. Las Vegas, and Henderson.

The demographic of the first two markets are 70% female 30% male. They have an annual household income of over \$80, 000 and 2 children.

The psychographic traits of the market are citizens of the middle and upper classes who hold quality in higher regard than price.

The behavioral qualities of the market are that they want a clean and healthy living area on a regular basis and value quality work.

Competitor Analysis

Nature of Current/Likely Competition

There are many other carpet care companies in the Las Vegas area. Unlike Cheshire, which is one of the few “ green” options, they are all reliant on harmful chemicals in their services. There is competition from larger companies that offer cheaper rates as well as smaller companies with low
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overhead. Some customers may prefer to do business with another company because Cheshire Carpet Care is not a well-known name. We may be unable to appeal to certain customers, mainly a property management company, because we are not able at this time to handle large accounts with ease.

Strategies to Combat Competitors

Cheshire Carpet Care will put the main focus and attention on the “green” aspect of our services by demonstrating the chemicals that are left after routine vacuuming and other company’s services. With this healthier alternative and remaining low cost we should be able to overcome competitors.

Competitive advantage

Cheshire’s competitive advantage is strongly linked with its environmental commitment to the health and well-being of its customers. Cheshire Carpet Care’s technique has been proven to be harmless to children, pets, and all others in the family. Cheshire Carpet Care will reduce the chemical residue brought into the home. These residues can ultimately lead to everything from a slight allergic reaction to becoming extremely ill. Cheshire Carpet Care’s service has uses no chemicals so there are is nothing left behind in the carpet. This peace of mind is priceless for individuals and families and employees. The company offers experienced leadership within the industry and a positive attitude towards the environment. Cheshire Carpet Care offers innovative, effective technology that cleans carpets safely and reliably.

Competitive Barriers to Overcome

Many customers in the economy of today are focused more on price than environmental issues. It is up to the company to educate the public on the benefits to our services. Many larger companies offer coupons and sales that will be hard to match during the first few years of the business. Management properties also look for the cheapest option to cut costs for their bottom line and are not concerned as much with the health of their tenants.

External Market Environment Analysis

Our external analysis looked at the current market and the competition in it to identify our potential prospects and threats. At the core of our services, is the assurance that the technique we use and the products in no way causes harm to the environment. Our services reflect the goals of the EPA to protect the environment.

Economic Environment

The market consists of the greater Las Vegas valley. Currently the state of Nevada has one of the worst economies and is a leader in foreclosures. The financial crisis is slowly getting better and the purchases of homes are on the rise again. Tourism is a growing market of the area and the potential for financially stable people to spend is al hotel industry is always prevalent.

Technological Environment

Cheshire is on the cutting edge in carpet cleaning technology. Our vehicle based machines clean the fibres of carpet with 99% accuracy using no chemicals. Hepa-Filters are installed on the air ports of our machines to control contaminants from being distributed in the air which may result from

a previous non-environmentally friendly cleaning service. We also offer various methods of payment including electronic checks and credit card transactions.

Political and Legal Environment

Cheshire currently holds all applicable business and safety certifications required by the State of Nevada to perform carpet cleaning services. In addition, all company employees have had numerous environmental training courses and all are certified by the EPA in possible chemical reactions and allergens.

Cultural and Social Environment

According to the 2010 Census count;

Las Vegas population – 583, 756

Henderson population- 257, 729

North Las Vegas population- 216, 961

Since the 2000 Census;

Las Vegas grew by 22. 0 percent.

Henderson grew by 47. 0 percent

North Las Vegas grew by 87. 9 percent

The largest county is Clark, with a population of 1, 951, 269. Its population grew by 41. 8 percent since 2000.

As a result of the economy, more households have to rely on two incomes to support their families. Women are just as likely as men to be working since currently women make up almost 50 % of the entire workforce.

SWOT Analysis

Strengths

Cheshire Carpet Care is coming into the carpet cleaning and repair industry as a competitor with cutting edge technology. The company has a profound insight into the carpet business due to the expertise of its management. We are dedicated to an eco-friendly business practice and the welfare of our customer base. We use only the highest quality biodegradable substances in our machines. Above all we provide superior customer service to our clients.

Weaknesses

The company is relying on loans for the start-up and initial developing stage. There is often difficulty breaking out into an established market and developing awareness and benefits associated with our company. The machines and substances used in the cleaning process are more costly than normal carpet care. This cost will translate into a higher cost to the customer.

Opportunities

There are countless opportunities for a company that uses no harsh chemicals for cleaning. There are not many environmentally safe companies to compete against. Our organization is the only company using this cutting edge technology in the valley. Therefore, we are competing against a range of substitute carpet cleaning options.

Threats

The key threat is the potential competition from the companies already in the market. The state of the economy may sway customers to go with a cheaper competitor or view this service as a luxury.

SWOT ANALYSIS Matrix

STRENGTHS

Cutting edge technology.

Profound insight into the carpet business.

Dedication to an eco-friendly business practice

Focused on the welfare of customer base.

Use of highest quality biodegradable substances.

Superior customer service to clients.

WEAKNESSES

Reliable on loans for start-up and initial developing stage.

Difficulty breaking out into an established market.

Developing awareness and benefits associated with the company.

Machines and substances used in cleaning process are more costly than normal carpet care.

Translates to higher customer cost.

Countless opportunities for companies using environmentally friendly supplies.

Only company using this cutting edge technology in the valley.

OPPORTUNITIES

Potential competition from companies already in the market.

State of the economy.

Cheaper competitors.

Service viewed as a luxury.

THREATS

Market Plan Objectives

Cheshire Carpet Care has identified its target market mid-level income families that are too busy to clean their own carpets and want the environmentally friendly option. It was also acknowledged that 50% of the market would buy our service. The company therefore aims to achieve a market share of 40% over a ten year period, with a 30% share after five years. The goal over ten years reflects the possibility other competitors may enter the market. At the point the market is saturated, Cheshire would put forward an expansion phase into the regional market.

Differentiation/ Positioning

The Cheshire Carpet Care will be positioned as service that offers uncompromising quality and protection for the environment. This method would convey the importance of environmental conservation that

corresponds with EPA policies. This would be through highlighting the benefits of the safe and chemically free carpet cleaning of Cheshire Carpet Care. The high level of alleged benefits is linked to the quality engineering and reliability of our technology. As such, Cheshire Carpet Care is sited as having immediate and substantial benefits for the consumer.

Marketing Strategy

Overview

Our goal is to build consumer awareness of the contaminants contained in standard carpet cleaning services and what the EPA standards are. We plan to generate demand for the eco-friendly alternative to the usual services. Cheshire's will send promotional item through standard mail to at least 1, 000 local properties and 10, 000 homes in the Las Vegas valley.

Target Markets

Cheshire Carpet Care has a primary target of mid-level income families and rental properties. The main target market can be broadened to include people with higher income than mid-level. Other markets include organizations and corporations who would use our services as a basis for environmental education. Demographically, the major areas of Clark County would be the likely locations for our marketing plan. This marketing plan would thrive in the Las Vegas environment and provide numerous opportunities. There are huge numbers of our targeted customers and these locales offer a great combination for promoting our service directly to the targets.

Product Line

Cheshire Carpet Care has designed a service that creates a positive presents in the leading market today. We must be readily available to consumers as well as being distinguishable from the competitor's. This plays a positive role in marketing Cheshire Carpet Care. The key to our services is promoting our most advanced machines. The focus is on both environmental conservation and health and well-being of the public. The benefits of our company are continuous. Successful applicants will receive training and certification in EPA standards. Other benefits include a dedication to our employee development by offering possible advancement in current job. This will translate into a self-esteem boost and recognition by peers.

Promotion

Our promotion will be from our main office directly to the individual's mailbox or doorstep. We are using the postal service to contact the possible clients via addressed mail and we are also going to send promotional material to their e-mail. This promotional medium will be greatly effective in contacting our target. For our third target group we will use Internet advertising and advertisements sent to major businesses in the area. We will use banner ads on links on the internet that are related to our business and/or marketing.

The promotional plan to be adopted by Cheshire Carpet Care, has two key objectives. Gaining acceptance is the first an increasing sales for the company would be the second. Promotion of the Cheshire Carpet Care brand will mainly involve leg work from employees and other promotional

techniques including door-to-door sales and advertising flyers and vendor packets.

Cheshire Carpet Care will be developing strategies in relation to the promotion of its eco-friendly carpet cleaning. This will involve being directed at the existing market of single family households and property companies.

Sales and Marketing Materials

Marketing materials will be used such as the Cheshire Carpet Care tent at golf tournaments, pens, vendor packets, hand sanitizer spray, iPods, gum, and presentational three ring binders. We will use a standard proposal template and modify it for every proposal sent out. Our Power Point presentations will also be used as a tool for formal presentations throughout the year. Presentation envelopes will be used for sealed bids.

Place

Cheshire Carpet Care will be acting as a standalone company in the Las Vegas and Henderson valleys that offers carpet cleaning and care.

Eventually this location will be a main office branch for a wider region of locations. Our intentions will be to expand distribution to every area in Nevada within five years.

Marketing Information

Strategy #1

Intended Outcome- New contracts from property management companies.

Tactics / Actions- Increase Las Vegas revenue

Timeline- Within the next 6 months.

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Strategy #2

Intended Outcome- Close accounts

Tactics / Actions- Build a pipeline

Timeline- Monthly

Strategy #3

Intended Outcome- Opportunities to give proposals

Tactics / Actions- Proposals

Timeline- Weekly

Strategy #4

Intended Outcome- Sharing contacts

Able to offer as a bundle Cheshire Carpet Care doesn't currently offer

Tactics / Actions- Bidding more opportunities with

Timeline- Monthly meetings

Quick close

Strategy #5

Intended Outcome- Adding to current revenue

Tactics / Actions- No bidding process

Timeline- Monthly reviews with clients

Easy close

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Pricing

Utilizing a cost-plus pricing strategy will enable the company to earn fixed gross profit. This will also create a better control of company costs. This price is figured from the cost of development at \$1600 per mounted vehicle unit and a mark-up of 25%.

Almost half of people we surveyed indicated that the quality of the service was more important than the price. This suggests that the demand for the environmentally friendly option is relatively large. For this reason, there is no reluctance in suggesting that our service price reflect the motivation of customers in our target market to buy.

The main objective in our pricing is to be self funded within a few years. Initially, we will be funded by the loan from the bank. The price will be \$95 per room with a maximum of 12 x 12. There will be a discount for multiple locations of residential customers who purchase a full year worth of carpet cleanings. We suggest allowing these individuals full membership into the frequent buyer program. This price is congruent when compared to the most direct competition. Competitors often charge higher prices due to the use of an extensive line of chemicals. Even though the products we use are higher in price, Cheshire uses less of the products. We can then pass the savings on to our customers.

Financial Data/Projections

Expense Distribution

Initially

We calculated that approximately \$840, 000 was required to start operating the business. This total includes offices/storage facilities, land, equipment, brand development, fees, and graphic designing for our logos and marketing materials. The costs are illustrated below.

Office/Storage Facilities (\$500, 000) – This is the biggest expense to build a new warehouse with office space attached.

Land (\$200, 000) – The land where we will place our warehouse and office will be located near the growing Aliante area so we will have easy access to freeways.

Equipment (\$100, 000) – The environmentally friendly equipment and machinery installed and required in our service vehicles, as well as the vans themselves.

Fees (\$20, 000) – Any legal fees other various fees that may be associated with registering copyrights. This also contains other possible