**Developing Effective Sales and Marketing Plans Exercises TEACHER GUIDE**

(Updated: May 14, 2017)

**Case Study**

Jan operates a gas station / convenience store in Church Point, Louisiana. The name of the establishment is "Jan's Place" (no surprise there!).

The business location creates significant "foot traffic," both among "locals" and the visitors passing by on Church Point Highway headed up to Route 190 on their way to the jobs located off the I-49 corridor.

Revenues and profits over the last few years have been down slightly as the price of gasoline has declined. Competitors will always have more advertising dollars to spend and access to low-cost gas supplies. At least customers spend a bit more on high-margin convenience store items when gas costs less.

Dissatisfied with a declining income, Jan gathered together a few employees and friends to develop a bullet point business plan that contemplates re-launching the enterprise under a new name: ***The Bear Den***. (The bear is the mascot of the town's high school.)

**Discussion Questions**

Please be prepared to provide written responses and/or discuss the following questions:

1. What benefits does Jan expect to achieve by renaming the business?

More business from local customers, especially high school students and alumni attracted by the name.

1. How is this new name an example of "differentiation?"

The current name is completely undifferentiated, and carries no positive message to anyone but the owner. ***The Bear Den*** provides a great deal of positive association . . . ***and since there is only one high school mascot, Jan's business can gain a differentiated advantage by moving quickly and renaming the enterprise in this way.***

Note: it is unlikely that Jan would have to pay a licensing fee for using this name - since the bear is just an animal - Jan might want to contact a lawyer to confirm this. QUESTION: Would Jan be more likely subject to paying a licensing fee if the new name was ***The Church Point Bears Den***? Why or why not? (The answer is "Yes," because this name requires a specific association with the high school, which they might want compensation.)

1. What are some steps that would enable this business to take advantage of this differentiation?

Lots of creative options: a) new signage with the bear; b) discount cards on high-margin convenience store items for high school students and alumni; c) bear-related merchandise; d) sponsorship of the snack bar at sporting events; e) fund-raising events (like car washes) for the high school at the store; f) a Bear Commuter card, giving commuters free coffee and morning snacks after so many purchases, or on really slow days like Tuesdays and Wednesdays; etc. etc. etc. *Students can be as creative as they'd like to.*

QUESTION: Is it be best for Jan to offer discounts only on high-margin convenience store items, or only during slow days? Answer: Yes, because even after the discount these offers will generate profitable new business.

1. Is this differentiation "defensible?"

Yes, since there is only one bear and since the bear is associated with the town and the high school. The more engagement Jan has with the high school and its alumni, the more defensible this differentiation becomes.

**Written Assignment (after students take notes during a class discussion)**

Develop a bullet point sales and marketing plan for ***The Bear Den***. Make sure this plan includes the following sections:

1. Executive Summary
2. Concept Overview: Challenge / Opportunity
3. Customer Analysis / Target Customers
4. Competitor Analysis / Response
5. Tactics (Promotion, Pricing, Product)
6. Budget / Financial Projections (including assumptions on additional marketing costs, revenues and margin)

Sections 1 and 4 must be written as a narrative (real sentences and paragraphs). Sections 2, 3 and 5 can be bullet point sections. Section 6 should include a spreadsheet.

It's essential for the purposes of this exercise that students come up with cost estimates of how much their proposed changes will cost, how much in new revenue this will produce, and what additional margin this initiative will produce. To help them get started, you can use the following facts:

|  |  |  |
| --- | --- | --- |
|  | Monthly | Annual |
| Number of customers per month |  5,000  |  60,000  |
| % purchasing gas | 68% |  |
| average gas purchase | $20 |  |
| average gas margin | 8% |  |
| Monthly gas revenue | $68,000 |  $816,000  |
| Monthly gas margin | $5,440 |  $65,280  |
| % purchasing convenience store items | 45% |  |
| average ticket | $12 |  |
| average margin | 60% |  |
| Monthly Convenience Store Revenue | $27,000 |  $324,000  |
| Monthly Convenience Store Margin | $16,200 |  $194,400  |
| Monthly Labor, Rent and Overhead |  $15,800  |  $189,600  |
| Monthly Marketing Expense |  $2,000  |  $24,000  |
| Total Operating Margin Before Tax and Owner Compensation | $3,840 | $46,080 |

They can then develop their own analysis of how many more customers they'd have, how much their efforts would cost, and how much additional profit before tax they'd generate.

Whatever plans they come up with, they should note that: a) it's a lot more profitable to sell convenience store times rather than gas; b) they're going to have to increase their marketing expenditures before they can anticipate any increase in revenue / margin; and c) the owner won't earn much from this establishment unless they increase profitable revenues.

**Role Play**

Ask your teacher to send your marketing plan (along with this assignment resource) out to a local business mentor or a Nepris mentor.

Your goal will be to determine the reaction of your mentor to your plan, and to see if the mentor has any observations or recommendations that didn't occur to your team.

Step 1: develop a questionnaire for this interaction. Include questions about this person's reaction to your plan, seeking candid feedback.

 Include in the questionnaire specific questions about each section of the plan.

Step 2: conduct the mentor interaction. Afterwards, determine what you think were the key insights you learned during the interaction.

Step 3: write a Thank You note to your mentor(s), indicating in your note what you believe were your key lessons learned