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1.0 Executive Summary

Premier Airport Transportation Service (PATS) is a Cleveland-based company that provides scheduled airport transportation within the Cleveland metropolitan area. PATS fills an unmet need. Currently, there are taxi services, public transportation and limousine service, but nothing in between. PATS' service is almost identical to a limousine service, other than using a true limousine vehicle and the high price. For most of the market, people appreciate the limousine services but cannot afford the price point.

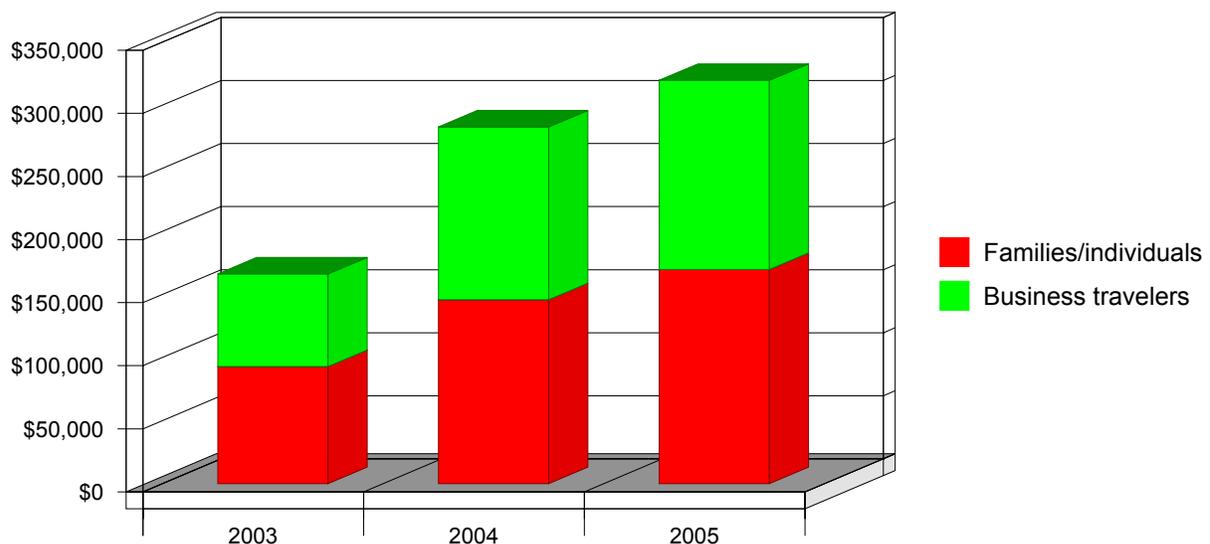
The mission of Premier Airport Transportation is to provide the customer the finest airport transportation service available at a reasonable price. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers.

PATS will be lead to profitability by Sam Schlepper, a veteran of the transportation business. Sam has a degree in business and mathematics from Case Western Reserve University. Having spent years in the industry, Sam brings to PATS industry insight and the required skill set to make it a thriving company.

PATS will be focusing on families and business travelers. Both groups will likely demand PATS services. The families will utilize the service because it is convenient and less expensive than if they drove themselves and paid for long-term parking for their car. Business travelers will use Premier because it offers a limousine-like service where the traveler has a ride waiting for them when their plane arrives. Since the service level is fairly comparable to a limousine service, companies will encourage their workers to utilize PATS as a cost-saving measure.

PATS will easily gain market share by utilizing their competitive advantages that are based on a sophisticated, yet purposeful, incentive system for the drivers. The system incentivizes driver behavior to build new clients, turn one-time clients into long-term customers, receive positive feedback, and develop a team atmosphere among the employees in the company.

Annual Sales Forecast



2.0 Situation Analysis

Premier Airport Transportation is entering its first year of business. The basic market need is for a professional, reliable, transportation service offering limousine-like experience at a reasonable price point. There are two distinct segments that are in need of these services: families and business travelers. Premier will meet the market need by offering a professional airport transportation service for the Cleveland metropolitan area.

2.1 Market Summary

Premier Airport Transportation possesses good information about the market and knows a great deal about the common attributes of the most prized and loyal customers. Premier will leverage this information to better understand who is served, their specific needs, and how Premier can best communicate with them.

Target Markets

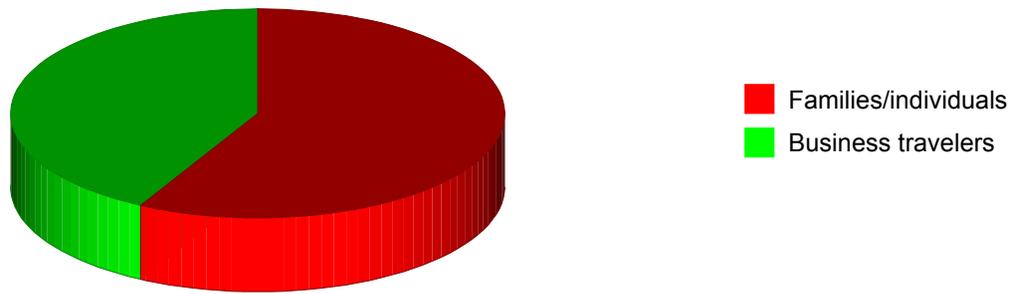


Table 2.1: Target Market Forecast

Target Market Forecast		2003	2004	2005	2006	2007	CAGR
Potential Customers	Growth						
Families/individuals	9%	630,020	686,722	748,527	815,894	889,324	9.00%
Business travelers	8%	459,000	495,720	535,378	578,208	624,465	8.00%
Total	8.58%	1,089,020	1,182,442	1,283,905	1,394,102	1,513,789	8.58%

2.1.1 Market Demographics

The profile for Premier's customers consists of the following geographic, demographic, and behavior factors.

Geographics

- The immediate geographic target is the city Cleveland and the surrounding metropolitan area with a population of 1.7 million.
- A 45-mile geographic area is in need of the services.
- The total targeted population is estimated at 372,000.

Demographics

- The gender makeup of the business travelers is 61% male, and 29% female.
- The median age of the business travelers is 37.
- The median age of the parents of the families is 41.
- The median individual income is \$51,000.
- The median family income is \$87,000.
- 87% of the customers have an undergraduate degree.
- 22% of the customers have a graduate degree.

Behavior Factors

- Price convenience.
- Recognize the opportunity costs of their time and are willing to pay for services that maximize free time.
- The companies that use the service are balancing the need to offer a high-quality service for their employees with the need to decrease unnecessary expenditures.

2.1.2 Market Needs

Premier Airport Transportation is providing customers with a reliable, professional, airport transportation service for families and business travelers. Premier seeks to fulfill the following benefits that are important to customers.

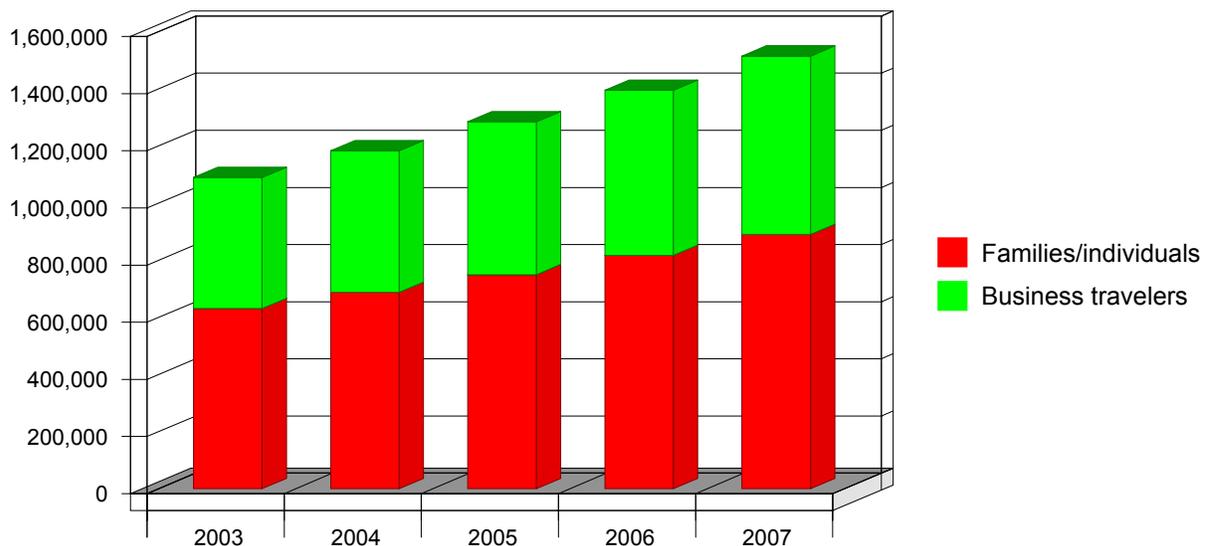
- **Convenience:** Having the transportation ready to pick up the weary traveler has significant value.
- **Reliability:** A lack of reliability for any leg of the journey is an easy way to ruin a vacation/trip.
- **Professionalism:** The targeted customers have a high expectation for customer service and Premier intends to exceed these expectations.

2.1.3 Market Trends

Within the last seven years, the airport transportation industry has seen the trend of customers moving from driving themselves to the airport to utilizing other forms of transportation such as public transportation and other private transportation services.

One factor of this trend occurred six years ago when the city decided to connect the already existing rapid transit line to extend to the airport. Additionally, parking has become increasingly expensive and difficult to find.

Market Forecast



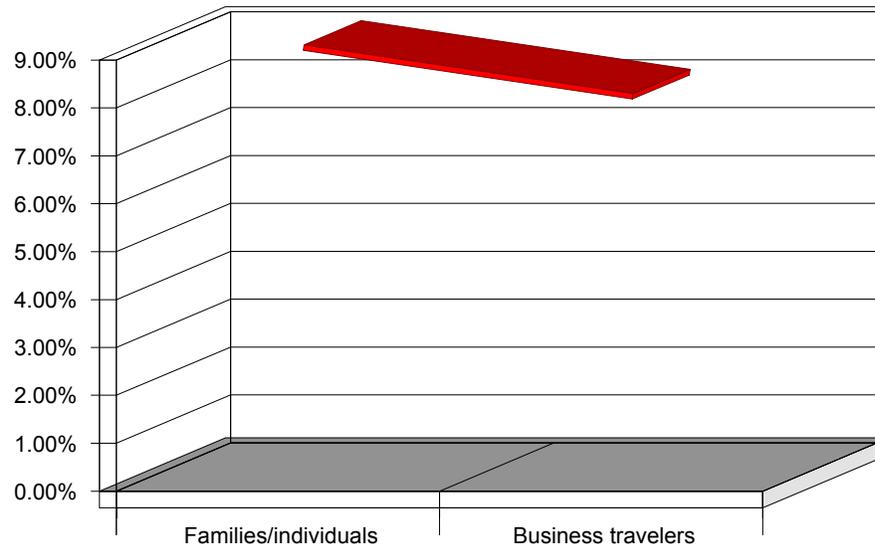
2.1.4 Market Growth

The growth rate for the airport transportation sector has been 4% for the last three years and is forecasted to reach 5.6% for the next four years.

The increase in growth is forecasted due to several factors:

- An increase in business travel.
- Increased hassles associated with driving and parking automobiles at the airport.
- The recognition of the ever-decreasing amount of free time, and the time that is saved by utilizing an airport transportation service.

Target Market Growth



2.2 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Premier.

2.2.1 Strengths

- Well-trained employees.
- An innovative compensation system that prizes customer satisfaction, customer referrals, and repeat business.
- A strong, market-driven business model.

2.2.2 Weaknesses

- A lack of brand equity because of the start-up nature of this organization.
- The inability to raise large amounts of capital.
- The difficulty to find above average employees.

2.2.3 Opportunities

- Participation in a high-demand industry.
- Increased profits as operating efficiencies are gained.
- Steady future demand.

2.2.4 Threats

- Future/potential competition from a franchise from another market.
- Some sort of catastrophic event that has a significant, negative effect on the travel industry.
- Unexpected governmental regulation of the airport transportation industry.

2.3 Competition

The Cleveland area currently has several competing airport transportation systems:

- **Public Transportation:** RTA provides rapid transit service to the airport. While this is an inexpensive alternative, there are several disadvantages. The service does not run all hours of the night. RTA forces you to change trains downtown to pick up the airport line. The rapid transit also requires you to manage all of your luggage yourself.
- **Taxi Service:** Taxis do provide service to and from the airport, however, you cannot book the trip in advance, forcing you to call them right before you want to travel. The level of service is inconsistent from taxi service to taxi service as well as from occasion to occasion. Taxis can also be quite expensive if you are going out to the suburbs.
- **Airport Parking:** Airport parking can be cost effective if it is for fewer than four days. Driving yourself has the advantage of not having to deal with anyone else; however, is you must do everything for yourself. Lastly, there is always the risk of damage to your car when it is parked at the airport.
- **Shuttle Service:** This option packs people into a van and takes them to the airport. This is a less expensive option, however, it takes longer to make the commute due to the other customers that are traveling with you. Additionally, you lose out on the personalized service relative to PATS or a limousine service.

The buying patterns of these services vary based on the length of the trip, who is paying for it, and if it is a last minute or planned trip. The longer the trip, the more economical a transportation option is relative to airport parking. A large percentage of business travelers use an upscale airport transportation solution like PATS or a limousine service for their employees. If the trip is planned at the last minute, taxi service might be the only option for someone to drive you, however, PATS will offer last minute rides if cars are available.

2.4 Services

PATS provides an airport transportation solution for the Cleveland metropolitan area. PATS can provide airport travel on short notice if cars are available, but they generally work with a reservation system. A customer would call in advance and provide PATS with flight information. PATS would schedule the pick up time and then call and send an email to confirm the pickup. For pick up at the airport, PATS would meet the customer outside of baggage claim after the customer has picked up their luggage and would drive them home.

2.5 Keys to Success

The keys to success are the factors that make the difference between a successful business and a failed operation. Premier's keys are:

- Reliability.
- Convenience.
- Professionalism.

2.6 Critical Issues

Premier is still in the speculative stages as a service provider. The critical issues that it faces are the following:

- Build a loyal customer base that regularly uses Premier.
- Train the employee drivers to offer outstanding service. This issue will be addressed by developing a unique compensation structure that incentivizes this type of behavior.

3.0 Marketing Strategy

PATS' marketing/sales strategy will be two pronged, one to address each of our two segmented targeted groups:

1. **Families/individuals:** PATS will be using advertisements as a way to increase visibility for the company. The advertisements will be placed in the Cleveland Plain Dealer, the local newspaper with the highest readership level in the area. The ads will appear in the weekly travel section. Premier will also be working with associations such as the American Automotive Association (AAA) and other community groups to try to build up a network of users. PATS believes that working with these groups will provide them with a steady flow of customers. Additionally, since a lot of these groups are close knit among members, referrals will be quite powerful when they are coming from a member who already has established a trust bond with the other organizational member.
2. **Business Travelers:** PATS will be contacting the travel department of many of the different companies in Cleveland that have employees traveling and tell them about PATS' service and offer them an introductory discount. This will be an important segment to win over, as companies routinely have employees traveling throughout the year. Businesses are also valuable because once the initial contact is made, the relationship can be turned into a steady stream of business. Additionally, there will be advertisements targeted for this market segment. The ads will appear in the Business Journal of Cleveland as well as the business section of the Plain Dealer.

3.1 Mission

The mission of Premier Airport Transportation is to provide the customer the finest airport transportation service available at a reasonable price. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers.

3.2 Marketing Objectives

1. Steadily gain in market share.
2. Increase repeat customers by 3% per quarter.
3. Decrease customer acquisition costs, measured by a decrease in marketing costs divided by the number of new customers.

3.3 Financial Objectives

1. Increase the profit margin by 1% per quarter.
2. Decrease training costs of employees every two quarters while simultaneously improving service quality.
3. Decrease the operation costs of the leased vehicles through improved preventive maintenance and behavior modification.

3.4 Target Marketing

The customers can be divided into two groups: families/individuals on pleasure trips, and business travelers.

- The first group is taking a trip for pleasure and will either be an individual or a family. Their choices are to drive and park in long-term parking, take a taxi, or use a limousine service. This group does not typically mind paying a bit more for a solution that takes care of their transportation to and from the airport. Since they are on vacation, they appreciate having a service that gets them to the airport in a seamless way so they do not have to worry about anything. All they have to do is make the reservation and show up at the arranged pickup point.
- The second group is the business traveler. In the past the company would typically hire a limousine service to pick up their worker. With PATS as an alternative, there is a transportation service that functions like a limousine (you can pre-schedule pick up dates and be taken directly home or to the airport) but without the overly fancy car and the high price. As companies are always looking at ways to cut costs, PATS offers a very reasonable solution in terms of comfort and cost.

3.5 Positioning

PATS will position itself as a professional, reliable airport transportation service with limousine like service at affordable rates. PATS will achieve the desired positioning by leveraging its competitive edge.

PATS' competitive advantage will be based on an incentive system that rewards the driver economically when they achieve good service, develop repeat customers and act in a team fashion instead of competing against other company drivers. This incentive system will reward drivers when:

1. The company receives positive feedback about the driver (a feedback system will be set up).
2. The customer is turned into a repeat customer.
3. The driver develops new customers.
4. The driver acts in manners that are team based instead of individual gain.

Through this complicated but purposeful system, PATS is incentivizing behavior that it believes will help the company succeed. Additionally, PATS will be having the driver lease the cars through PATS for several reasons:

1. With PATS leasing the cars, they are able to get a volume discount for the leases. PATS will actually be passing on the costs to the drivers.
2. Leasing through PATS encourages a long-term employee as there are fees to break a lease and PATS includes provisions in the lease that do not allow drivers to use the cars for more than two months beyond termination of employment.
3. By having the drivers lease the cars, they have an economic incentive to maintain the cars as they are financial responsible for damage beyond reasonable wear and tear.

3.6 Strategy Pyramids

The single objective for Premier is to position itself as the market leading airport ride service. The marketing strategy will seek to first create customer awareness regarding Premier and its services offered, develop its customer base, and work toward building strong customer loyalty and new customer referrals.

The message that Premier seeks to communicate is that it offers limousine-like airport service without a limousine price. This will appeal to both business travelers as well as families that use the airport for their travels. This message will be communicated through a variety of methods. The first method of communication will be advertisements. Two different sources will be used for the advertisements, The Cleveland Plain Dealer and the Business Journal of Cleveland. Within the Plain Dealer, ads will be placed in both the business section as well as the travel section.

The second method of communication will be visibility generated through relationships cultivated with organizations such as American Automotive Association. AAA in particular has an active, loyal membership base and visibility in its membership newsletters and display posters at the office will help position Premier.

The last method of communication will be networking with different companies travel departments. Sam is well connected within the community and will leverage these contacts to gain "entry" into the larger companies in hopes of generating a constant stream of business from the travel departments.

3.7 Marketing Mix

Premier Airport Transportation's marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

- **Pricing:** The pricing model will be based on a per-trip rate with a slight discount offered for round trip service.
- **Distribution:** By virtue of the type of service offered, distribution will occur where ever the customer requires it to be.
- **Promotion and Advertising:** Premier will use various activities to achieve positioning and visibility including advertisements and strategic relationships.
- **Customer Service:** The business model has been premised on the assumption that outstanding customer service is required in order to build a sustainable business based on repeat customers and new customer referrals.

3.8 Marketing Research

Premier Airport Transportation used a survey to gain insight into prospective customers preferences, needs and desires. The surveys were given out to travelers at the airport. The surveys were composed of a total of 20 questions. The number of questions were kept low to encourage people to complete the survey.

Sam used a statistics graduate student to develop the surveys. The careful construction of surveys is imperative to achieve a statistically significant results that are meaningful. A total of 200 surveys were handed out and 59 were returned completed, a fairly high return rate.

The results of the survey ultimately served two functions:

1. Confirm/validate previously held assumptions;
2. Provide insight into prospective customers preferences and thought processes.

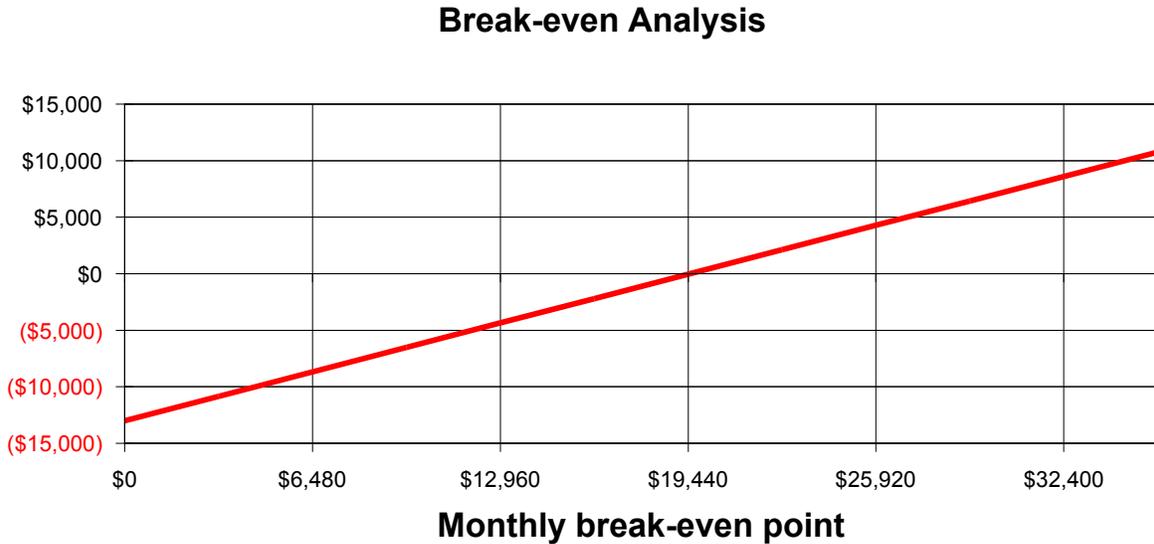
The surveys provided copious amount of information for both functions. Due to the large amount of information that was mined, Premier plans to conduct more primary research in 18 months.

4.0 Financials, Budgets, and Forecasts

This section will offer a financial overview of Premier Airport Transportation as it relates to the marketing activities. Premier will address break-even analysis, sales forecasts, expense forecasts, and how they link to the marketing strategy.

4.1 Break-even Analysis

The break-even analysis indicates that \$19,500 is needed in monthly revenue to reach the break-even point.



Break-even point = where line intersects with 0

Table 4.1: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	433
Monthly Sales Break-even	\$19,500
Assumptions:	
Average Per-Unit Revenue	\$45.00
Average Per-Unit Variable Cost	\$15.00
Estimated Monthly Fixed Cost	\$13,000

4.2 Sales Forecast

The first month will be spent setting up the business. By month two the business office will be in order and PATS will have been working with associations to create visibility for the company. PATS will have two drivers and will be paying them a base monthly wage on the assumption that it wants to have the drivers ready when fares come up.

Month three will see an increase in fares and things will be getting busy. Business will continue to grow and by month five a third driver will be brought on board. It will not be until month 11 that a fourth driver will be hired.

Monthly Sales Forecast

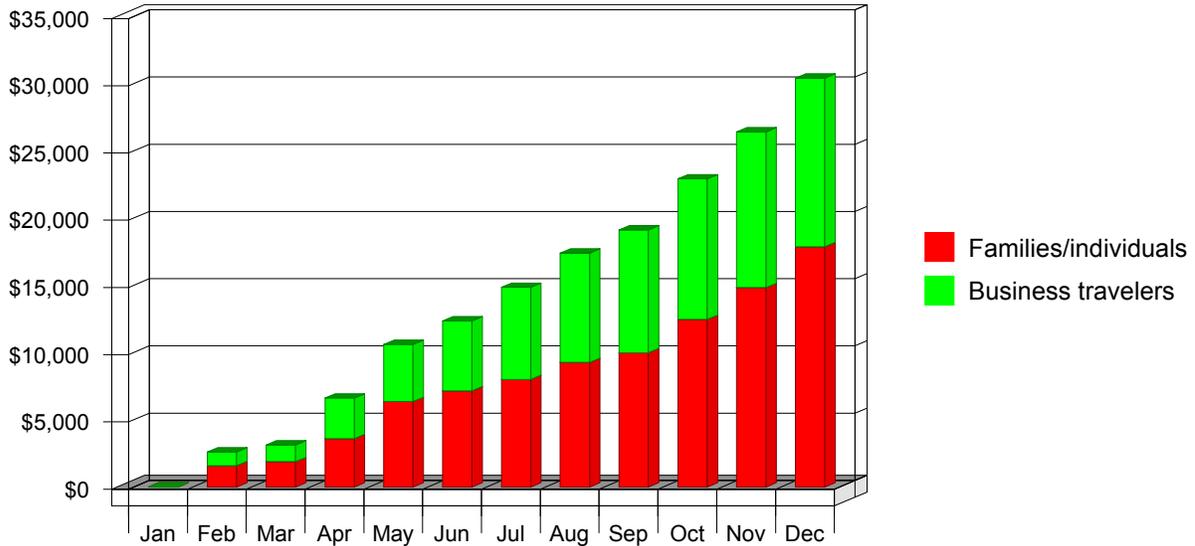


Table 4.2: Sales Forecast

Sales Forecast			
Sales	2003	2004	2005
Families/individuals	\$92,887	\$145,885	\$169,874
Business travelers	\$73,455	\$136,874	\$149,874
Total Sales	\$166,342	\$282,759	\$319,748
Direct Cost of Sales			
Families/individuals	2003	2004	2005
Families/individuals	\$18,577	\$29,177	\$33,975
Business travelers	\$14,691	\$27,375	\$29,975
Subtotal Cost of Sales	\$33,268	\$56,552	\$63,950

4.3 Expense Forecast

The marketing expenses are to budgeted so that they are higher than normal during the first quarter. This elevated amount is budgeted to achieve initial presence and visibility during the first four months of this start-up operation. The second and third quarter will show a general decrease in expenses, returning to normal levels after the initial spike. The last quarter will see a spike in expenses, a recognition that this is the time that has the most travel occurring. The expense forecast will serve as a tool to keep the department on target and provide indicators when a modification or correction must be made for the implementation of the marketing plan.

Monthly Expense Budget

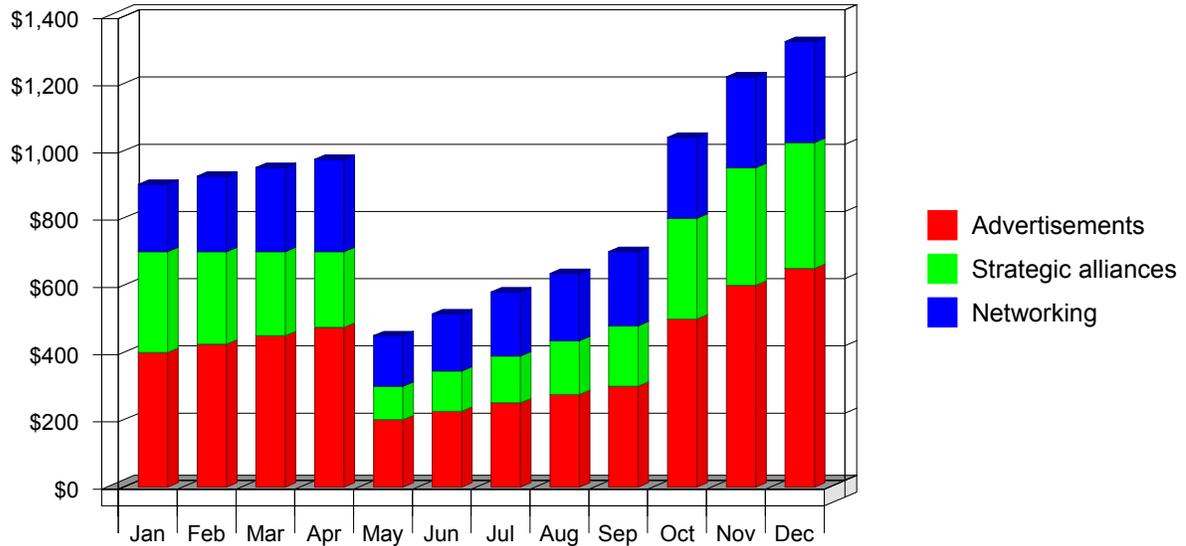


Table 4.3: Marketing Expense Budget

Marketing Expense Budget	2003	2004	2005
Advertisements	\$4,750	\$5,500	\$6,500
Strategic alliances	\$2,775	\$3,000	\$3,400
Networking	\$2,690	\$2,900	\$3,300
Total Sales and Marketing Expenses	\$10,215	\$11,400	\$13,200
Percent of Sales	6.14%	4.03%	4.13%
Contribution Margin	\$122,859	\$214,807	\$242,598
Contribution Margin / Sales	73.86%	75.97%	75.87%

5.0 Controls

The purpose of Premier Airport Transportation's marketing plan is to serve as a guide or road map for the organization. The following areas will be monitored to gauge performance.

- Revenue: monthly and annual.
- Expenses: monthly and annual.
- Repeat customer rate (a relative comparison to the total amount of business).
- Customer satisfaction: determined through the mining of opinions from after-service questionnaires/feedback forms.

5.1 Implementation Milestones

The following milestones identify the key marketing programs. It is important to accomplish each one on budget and on time.

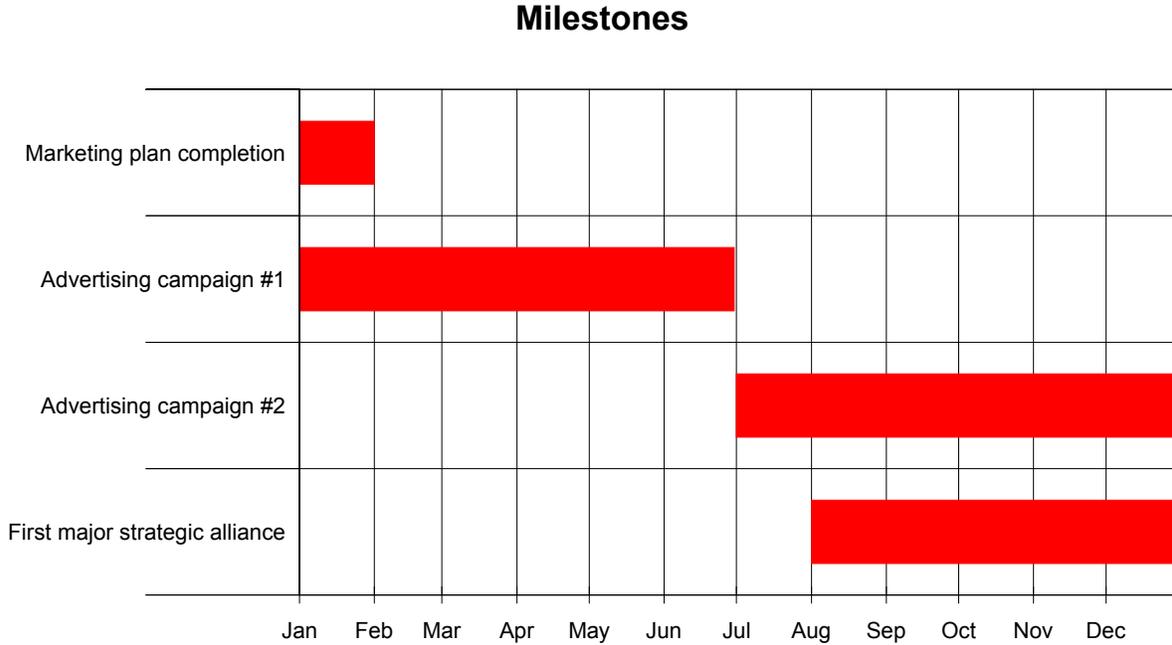


Table 5.1: Milestones

Milestones	Plan				
Milestone	Start Date	End Date	Budget	Manager	Department
Marketing plan completion	1/1/03	2/1/03	\$0	Sam	
Advertising campaign #1	1/1/03	6/30/03	\$2,475	Sam	
Advertising campaign #2	7/1/03	12/31/03	\$2,275	Sam	
First major strategic alliance	8/1/03	12/31/03	\$1,075	Sam	
Totals			\$5,825		

5.2 Marketing Organization

Sam will be primarily responsible for the marketing activities; some tasks such as advertisement generation will require outside help.

5.3 Contingency Planning

Difficulties and Risks

- Problems generating a sufficiently large customer base.
- The entry of a well-financed competitor with a similar business model.
- Customer's perception that Premier does not offer a value-added service.

Worst Case Scenarios Include

- Determining that the business cannot support itself.
- Having to liquidate equipment to cover liabilities.
- Entirely too optimistic sales forecasts.

Appendix: Premier Airport Transportation Service

Table 4.2 Sales Forecast

Sales Forecast	Plan											
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Families/individuals	\$0	\$1,578	\$1,874	\$3,584	\$6,345	\$7,145	\$7,987	\$9,258	\$9,985	\$12,455	\$14,822	\$17,854
Business travelers	\$0	\$1,014	\$1,250	\$3,025	\$4,254	\$5,214	\$6,858	\$8,125	\$9,125	\$10,458	\$11,587	\$12,545
Total Sales	\$0	\$2,592	\$3,124	\$6,609	\$10,599	\$12,359	\$14,845	\$17,383	\$19,110	\$22,913	\$26,409	\$30,399
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Families/individuals	\$0	\$316	\$375	\$717	\$1,269	\$1,429	\$1,597	\$1,852	\$1,997	\$2,491	\$2,964	\$3,571
Business travelers	\$0	\$203	\$250	\$605	\$851	\$1,043	\$1,372	\$1,625	\$1,825	\$2,092	\$2,317	\$2,509
Subtotal Cost of Sales	\$0	\$518	\$625	\$1,322	\$2,120	\$2,472	\$2,969	\$3,477	\$3,822	\$4,583	\$5,282	\$6,080

Appendix: Premier Airport Transportation Service

Table 4.3 Marketing Expense Budget

Marketing Expense Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Advertisements	\$400	\$425	\$450	\$475	\$200	\$225	\$250	\$275	\$300	\$500	\$600	\$650
Strategic alliances	\$300	\$275	\$250	\$225	\$100	\$120	\$140	\$160	\$180	\$300	\$350	\$375
Networking	\$200	\$225	\$250	\$275	\$150	\$170	\$190	\$200	\$220	\$240	\$270	\$300
Total Sales and Marketing Expenses	\$900	\$925	\$950	\$975	\$450	\$515	\$580	\$635	\$700	\$1,040	\$1,220	\$1,325
Percent of Sales	0.00%	35.69%	30.41%	14.75%	4.25%	4.17%	3.91%	3.65%	3.66%	4.54%	4.62%	4.36%
Contribution Margin	(\$900)	\$1,149	\$1,549	\$4,312	\$8,029	\$9,372	\$11,296	\$13,271	\$14,588	\$17,290	\$19,907	\$22,994
Contribution Margin / Sales	0.00%	44.31%	49.59%	65.25%	75.75%	75.83%	76.09%	76.35%	76.34%	75.46%	75.38%	75.64%