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# Table Of Contents

<b>1.0</b>	<b>Executive Summary</b>	<b>1</b>
<b>2.0</b>	<b>Situation Analysis</b>	<b>1</b>
2.1	Market Summary	2
2.1.1	Market Demographics	3
2.1.2	Market Needs	3
2.1.3	Market Trends	4
2.1.4	Market Growth	5
2.2	SWOT Analysis	6
2.2.1	Strengths	6
2.2.2	Weaknesses	6
2.2.3	Opportunities	6
2.2.4	Threats	6
2.3	Competition and Buying Patterns	6
2.4	Services	7
2.5	Keys to Success	7
2.6	Critical Issues	8
<b>3.0</b>	<b>Marketing Strategy</b>	<b>8</b>
3.1	Mission	8
3.2	Marketing Objectives	8
3.3	Financial Objectives	8
3.4	Target Marketing	9
3.5	Positioning	9
3.6	Strategy Pyramids	9
3.7	Marketing Mix	10
3.8	Marketing Research	10
<b>4.0</b>	<b>Financials, Budgets, and Forecasts</b>	<b>10</b>
4.1	Break-even Analysis	10
4.2	Sales Forecast	11
4.3	Expense Forecast	12
<b>5.0</b>	<b>Controls</b>	<b>14</b>
5.1	Implementation Milestones	14
5.2	Marketing Organization	15
5.3	Contingency Planning	15

## 1.0 Executive Summary

The Tooth Fairy is the dentistry practice of Steve Extractor. The Tooth Fairy will offer general dentistry, and the finest cosmetic dentistry in the area, to the citizens of Hampton, Virginia.

Through a combination of industry benchmarked customer service and flexibility, The Tooth Fairy will quickly gain market share. The general dentistry practice will be used to generate initial cash flow as Steve develops branding for his enhancement services.

Over time, the percentage of business will shift from general maintenance to cosmetic dentistry. The cosmetic practice is desired because it services wealthier clients who are not dependent on insurance plans. The specialized cosmetics also allow Steve to make a more visible and appreciated impact on people's orthodontia.

Steve will leverage the years he spent in private practice to model his new business. His past experience in conjunction with his forward looking, customer-centric business model will allow him to rapidly grow a large and loyal patient base. Profitability will be reached by month 10, and sales will reach \$349,888 by the end of year two.

## 2.0 Situation Analysis

The Tooth Fairy is entering its first year of business. Steve recognizes that marketing is critical for The Tooth Fairy to gain market share and develop a large, sustainable customer base. The basic market need that Steve will serve is a flexible, customer-centric dentistry practice, providing cutting-edge cosmetic enhancements.

## 2.1 Market Summary

The Tooth Fairy possesses good information about its market. It knows a great deal about the common attributes of the prized customers. This information will be leveraged to better understand who is served, their specific needs, and how The Tooth Fairy can better communicate with them.

### Target Markets

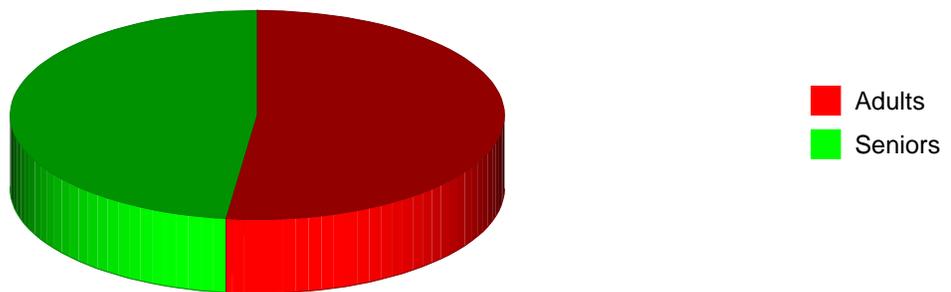


Table 2.1: Target Market Forecast

## 2.1.1 Market Demographics

The profile for The Tooth Fairy's customer consists of the following geographic, demographic, and behavior factors.

### Geographics

- The geographic target is the city of Hampton, Virginia with a population of 210,000.
- A 30 mile area is in need of the services.
- The total targeted population is 36,095.

### Demographics

- Primarily female (62%).
- The adult's range in age from 27-76.
- Have at least \$45,000 in income.
- 36% are professionals.
- 54% are live-at-home parents.
- The seniors have over \$50,000 in household income.

### Behavior Factors

- Are concerned about their appearance.
- Finally feel comfortable with spending money on themselves as opposed to their family.
- The seniors are ready to live life to its fullest, minor disappointments no longer get them down.

Table 2.1.1: Target Market Analysis

Target Market Analysis Market Segments	Characteristic	Characteristic	Characteristic	Characteristic	Characteristic
Adults	-	-	-	-	-
Seniors	-	-	-	-	-

## 2.1.2 Market Needs

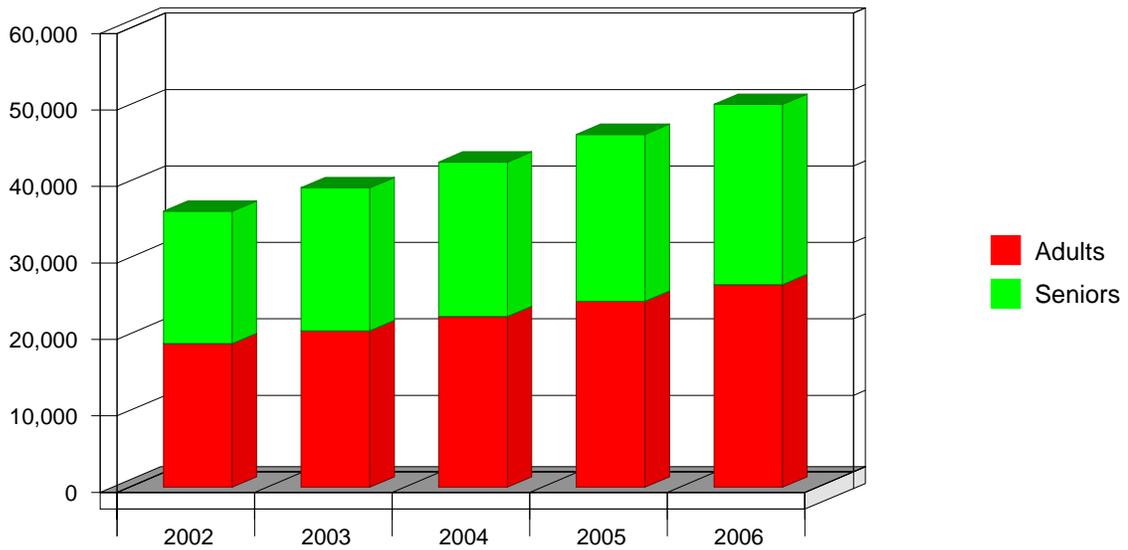
The Tooth Fairy is providing its customers with general dental maintenance as well as a wide selection of cosmetic enhancements. Flexibility of the service offerings will allow The Tooth Fairy to gain market share. The following benefits are important to the targeted customers.

- **Selection:** Customers appreciate a wide range of choices of enhancements.
- **Flexibility:** A wide range of business hours helps accommodate people's varying schedules.
- **Customer Service:** The Tooth Fairy will facilitate equality through superior customer service where all of the needs of the patient are met, including providing the patient with as much information they need about the procedures for them to feel completely at ease in the Dr.'s presence.

## 2.1.3 Market Trends

The marketing trend for dentistry is movement toward elective procedures. The major impetus for this trend can be explained by the insurance industry. As the health care industry continues to have costs spiraling upwards, the physicians are getting squeezed as the allowable amount of reimbursement from the insurance companies continues to decrease. This creates a fertile environment for elective procedures that do not rely on reimbursement from the insurance company. The doctors are paid directly by the clients.

### Market Forecast



## 2.1.4 Market Growth

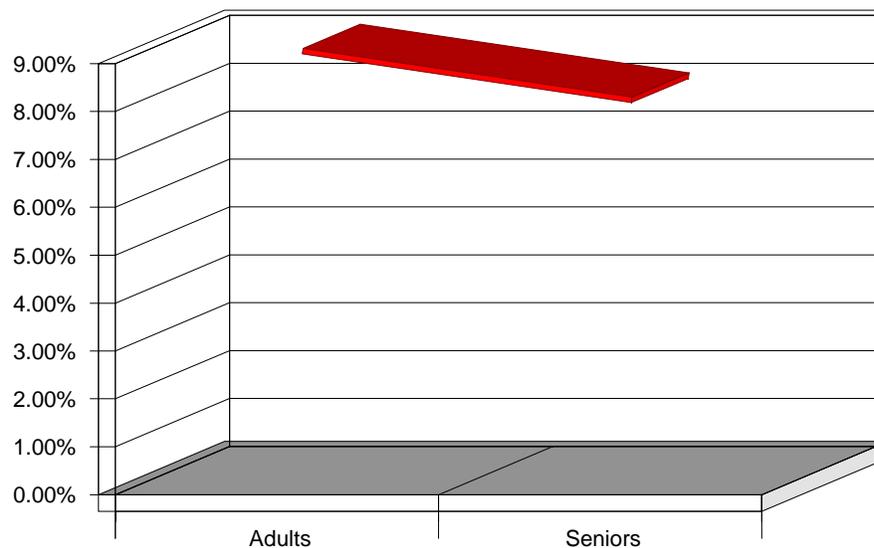
In 2000, the market for cosmetic dental enhancements reached \$765 million in sales. As technology continues to increase, new procedures come to fruition, more people are served, costs come down, and improvements occur due to gains in experience and technology. The entire market is forecasted to grow at 7% for the next four years.

Technology is the main driver for this growth. Within the last five years there has been an increase in research and development and this has yielded significant gains for the industry. Another driver of market growth is the continual increase in the GNP. While many reasonably believe that this is not the best indicator of individual wealth within a country, the GNP has been rising, more so within the last decade. This has provided more people with the ability to afford elective dental enhancements.

The dental industry is following a trend away from general maintenance toward cosmetics. The reason for this is that there is less rampant decay of teeth today relative to five to 10 years ago, so dentists are concentrating on areas where there is increased demand.

Please note that The Tooth Fairy's growth rate is higher than the industry average. This can be explained by the fact that Steve is concentrating on an emerging niche. He is basically starting a practice from ground zero so higher than average growth rates can be expected.

**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 The Tooth Fairy.

### 2.2.1 Strengths

- A strong skill set necessary for the procedures.
- Well trained support staff.
- A sophisticated training program that breeds the customer-centric model into the company culture.

### 2.2.2 Weaknesses

- Weak cash flow for the first year while Steve tries to build a foundation for his cosmetic practice.
- The inexperience of running a business.
- The difficulty of building brand as a start-up organization.

### 2.2.3 Opportunities

- Participation in a growing market.
- Increased margins as Steve's skill increases and procedure times decrease.

### 2.2.4 Threats

- Possibility of large increases for malpractice insurance. This could be a function of the individual dentist or a trend within the industry.
- Increased competition as procedures become more popular.

## 2.3 Competition and Buying Patterns

- **The Generalist:** This type of dentist has a practice centered on general maintenance and does not specialize in anything in particular.
- **The Specialist:** This type of dentist will have a general practice, but in addition to the general practice, they have an area that they specialize in, such as cosmetics.

The buying patterns of patients are based on referrals and trust.

**Table 2.3: Growth and Share Analysis**

Growth and Share	Price	Growth Rate	Market Share
Competitor	\$0	0%	0%
Competitor	\$0	0%	0%
Competitor	\$0	0%	0%
Competitor	\$0	0%	0%
Competitor	\$0	0%	0%
Other	\$0	0%	0%
Average	\$0.00	0.00%	0.00%
Total	\$0.00	0.00%	0.00%

## 2.4 Services

The Tooth Fairy provides both general improvements consisting primarily of cleaning and fillings as well as cosmetics improvements. The cost for cleanings is around \$100, at specific intervals x-rays need to be taken and that will increase the cost. The cost for fillings ranges significantly depending on the material used. Dr. Extractor will be deriving the majority of revenue from cosmetics by the end of the year. Cosmetics can be classified into three main areas:

- **Teeth Whitening:** There are several reasons for stained teeth including: age, antibiotics, excess fluoride, illness, and certain beverage consumption. Teeth whitening removes the discoloration and restores the original whiteness. Dr. Extractor is currently using a state-of-art home treatment. The home treatment begins with a casting of the patient's teeth made from an impression taken at the office. A bleaching tray is made from this impression and the Dr. then provides the patient with all the necessary instructions and material to accomplish the whitening at home. Costs are around \$300.
- **Veneers:** These are porcelain shells that are bonded to the front of the teeth. They reshape the tooth and make the tooth whiter in color. The costs of veneers range from \$600-800 per tooth.
- **Gap Removal:** This procedure uses tooth-colored plastic that is bonded to places where there should be tooth material. The removal of gaps makes a significant improvement to a smile. The cost for gap removal ranges from \$300-\$1000.

The Tooth Fairy will be billing customers at a per procedure rate. Only a portion of the cosmetics will be billed to an insurance company, with individuals paying the variance.

## 2.5 Keys to Success

The keys to success are:

- Customer service.
- Flexibility.
- Skill.

## 2.6 Critical Issues

The Tooth Fairy is still in the speculative stages as a service provider. The critical issue they face is the need to take a fiscally prudent approach to the expansion of the practice. The practice should be expanded only to accommodate a present need to service customers as opposed to anticipating future demand. This will protect The Tooth Fairy in the event of a sudden downturn in the economy.

## 3.0 Marketing Strategy

The marketing strategy will be based on developing visibility among prospective patients. The first aspect of the marketing campaign is a large advertisement in the Yellow Pages that briefly lists the different procedures that the Dr. offers as well as his flexibility.

Another method to increase visibility will be free informational seminars that the Dr. will offer, typically through community organizations. These seminars are an event where people can go and get more information concerning cosmetics, as well as get a free individual consultation.

The third marketing strategy will employ networking through the various organizations that the Dr. is a member of including his church, the Lyons club, the Rotary club, as well as the country club. As a visible, active member of these organizations, the Dr. will leverage his personal relationships to generate interest in his services.

## 3.1 Mission

The Tooth Fairy's mission is to provide the finest dental care. 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

- Increase customer referrals by 7% per quarter.
- Decrease customer acquisition costs by 8% per year.
- Increase brand awareness, evidenced by an increase in unsolicited requests for services.

## 3.3 Financial Objectives

- A double digit growth rate for the first three years.
- A 4% decrease in labor costs per year.
- Profitability by the end of year two.

## 3.4 Target Marketing

The Tooth Fairy has two distinct groups of customers:

- **Adults:** Younger adults, typically 27-39 who are concerned about their appearance. They have a preference to take care of these cosmetic corrections while they are still young, maybe before they incur the expenses of children. This group can be further defined as both male and female with individual incomes over \$45,000 a year. While some of the target groups are professionals, a large segment of this target segment are live-at-home spouses who do not have a full time job. This group is more likely than not to consider cosmetic surgery as a method for improving their appearance. The adults are also health conscious, more so from an aesthetic point of view instead of a sustainability point of view.
- **Seniors:** This group has more time and money now that the kids are grown and their expenses have decreased. This group sees the dental work as a safe way to improve the way they look. The seniors typically live off of more than \$50,000 a year a household in retirement savings. This group is almost entirely retired and their day is mainly composed of leisure time activities.

## 3.5 Positioning

The Tooth Fairy will position themselves as a professional, flexible, skilled provider of general dentistry as well as cosmetic enhancements. Hampton consumers will appreciate the strong level of customer satisfaction, the high degree of flexibility, and the superior work products. The desired positioning will be achieved by leveraging their competitive edges.

- **Customer Service:** The Tooth Fairy's entire practice is based on a customer-centric service model. This business model is particularly emphasized when Dr. Extractor is working with patients. The Dr. believes that the patient must make an informed decision regarding their cosmetic needs. The Dr. will take significant time detailing what occurs during the procedure, any side effects the patient may notice, as well as the success/failure rate. Only after the patient has become well informed regarding the procedure will the Dr. allow the patient to go forward.
- **Flexibility:** The Dr. recognizes that his patients have busy schedules so the Dr. has tailored his practice around being flexible to meet the customer's needs. To some degree this is an extension to their other competitive advantage of customer service, however, the Dr.'s concentration on flexibility is worth noting separately. The Dr. does not solely have set office hours in which to schedule appointments within. He is willing to schedule an appointment at whatever time is needed, whether that is nights or weekends.

## 3.6 Strategy Pyramids

The single objective is to position The Tooth Fairy as the premier service provider for dental cosmetic enhancements. The marketing strategy will seek to first create customer awareness regarding the services offered, then develop the customer base, and finally work toward customer referrals.

The positioning message will be communicated through a variety of methods. The first method will be advertisements placed in the local Yellow Pages. A second method of communication is via free informational seminars used to educate consumers as well as increase visibility for The Tooth Fairy.

The last method of communication will be through a networking campaign that the Dr. embarks on leveraging relationships that he has developed within the industry as well as with the many

different community organizations that the Dr. belongs to.

## 3.7 Marketing Mix

The Tooth Fairy is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

- **Pricing:** The target market is not all that price sensitive. Regardless, prices will be competitive to similar services.
- **Distribution:** All services will be provided at The Tooth Fairy's office.
- **Advertising and Promotion:** A campaign consisting of ads, seminars, and networking will be used to generate visibility and build the brand.
- **Customer Service:** The Tooth Fairy recognizes the need to have exemplary service to build a strong, sustainable business.

## 3.8 Marketing Research

While Dr. Extractor was seriously considering opening his own practice he held several free seminars where he fielded questions, as well as asked participants to fill out a questionnaire. The questionnaire had a decent percent of completion and provided excellent insight to customer needs. The seminars were taped and Dr. Extractor went back and compiled all of the different questions that arose from the audience. Overall, the question sessions as well as the questionnaires were a wealth of information and added a lot of knowledge to the organization regarding customer insight and preferences.

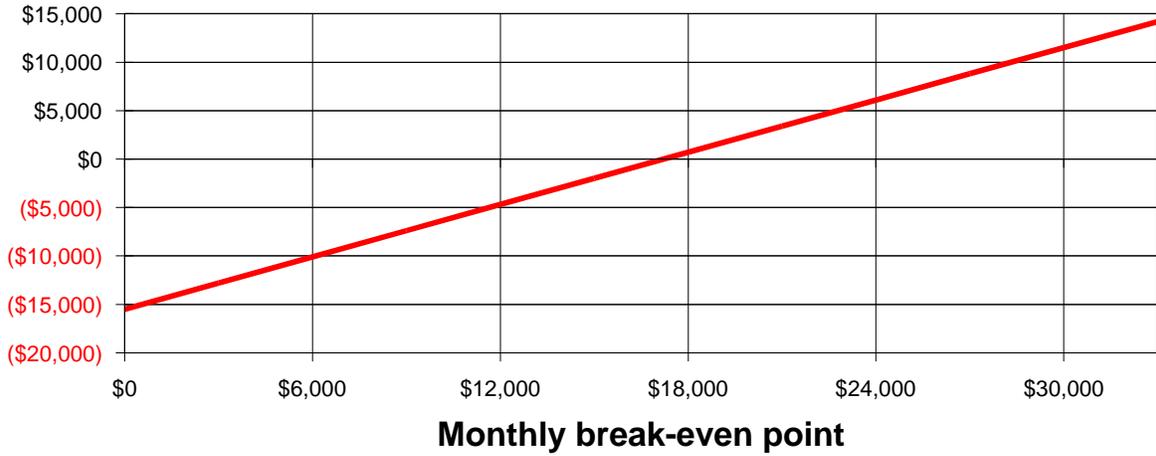
## 4.0 Financials, Budgets, and Forecasts

This section will offer a financial overview of The Tooth Fairy as it relates to the marketing activities. The Tooth Fairy 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 \$17,214 is needed in monthly sales revenue to break even.

### Break-even Analysis



Break-even point = where line intersects with 0

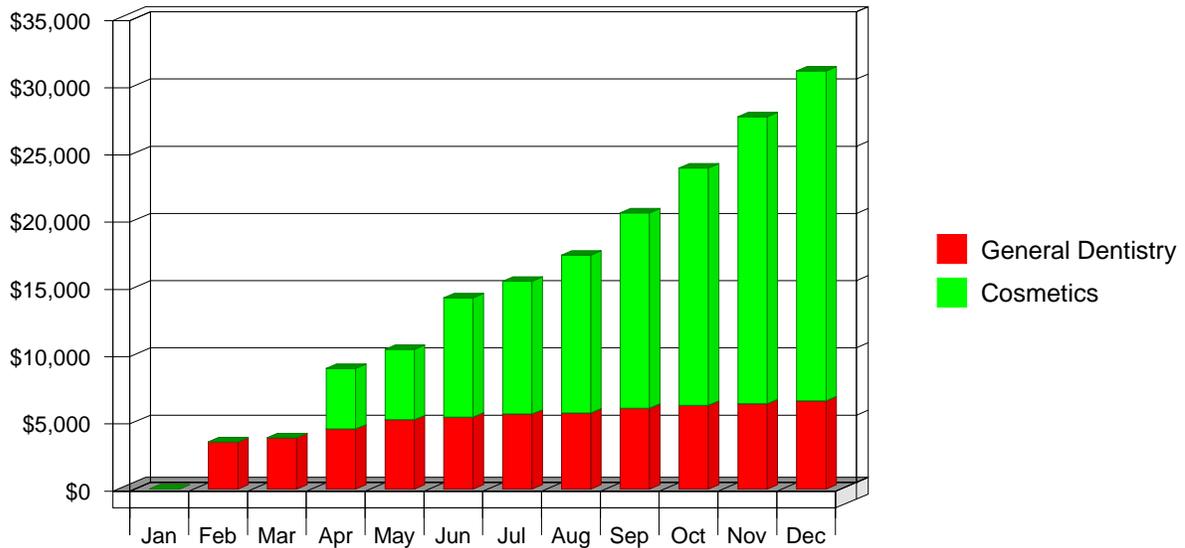
**Table 4.1: Break-even Analysis**

Break-even Analysis:	
Monthly Units Break-even	34
Monthly Sales Break-even	\$17,214
Assumptions:	
Average Per-Unit Revenue	\$500.00
Average Per-Unit Variable Cost	\$50.00
Estimated Monthly Fixed Cost	\$15,493

## 4.2 Sales Forecast

The first month will be used to get the new office in order, set up appointments and begin marketing activities. Month two will see a few appointments, most from the prior practice. Months five through seven will see a jump in cosmetic appointments. After month seven, there should be a steady increase in sales activity.

### Monthly Sales Forecast



**Table 4.2: Sales Forecast**

Sales Forecast			
Sales	2002	2003	2004
General Dentistry	\$58,551	\$82,343	\$97,656
Cosmetics	\$118,321	\$267,545	\$312,912
Total Sales	\$176,872	\$349,888	\$410,568
Direct Cost of Sales			
General Dentistry	2002	2003	2004
General Dentistry	\$35,131	\$49,406	\$58,594
Cosmetics	\$22,481	\$50,834	\$59,453
Subtotal Cost of Sales	\$57,612	\$100,239	\$118,047

### 4.3 Expense Forecast

Marketing expenses will be budgeted high during the first quarter to help raise visibility for the company. They will settle down until August when they will ramp up due to practices typically seeing an increase in procedures.

Monthly Expense Budget

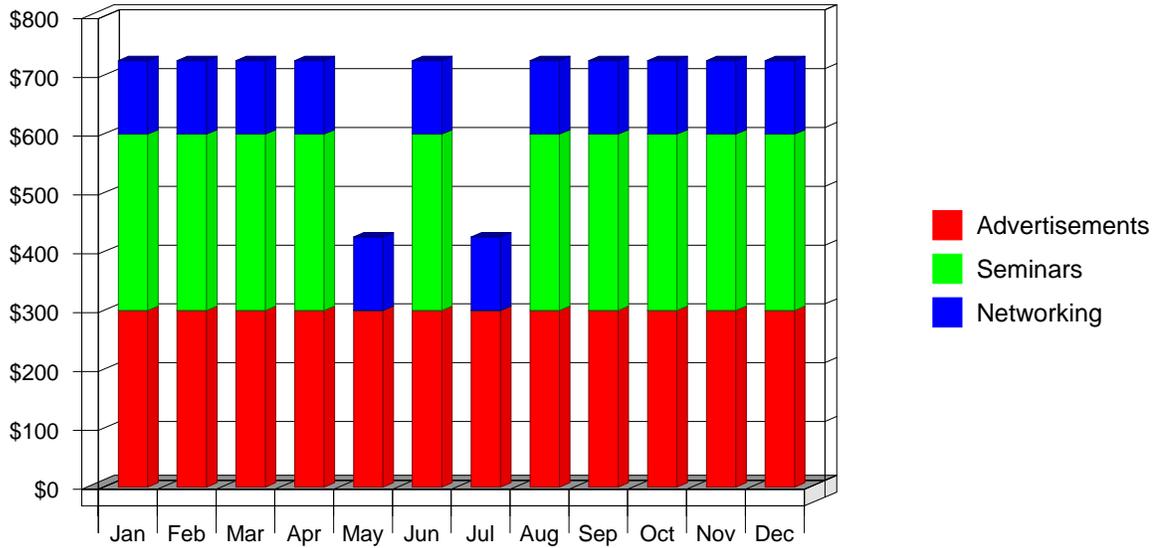


Table 4.3: Marketing Expense Budget

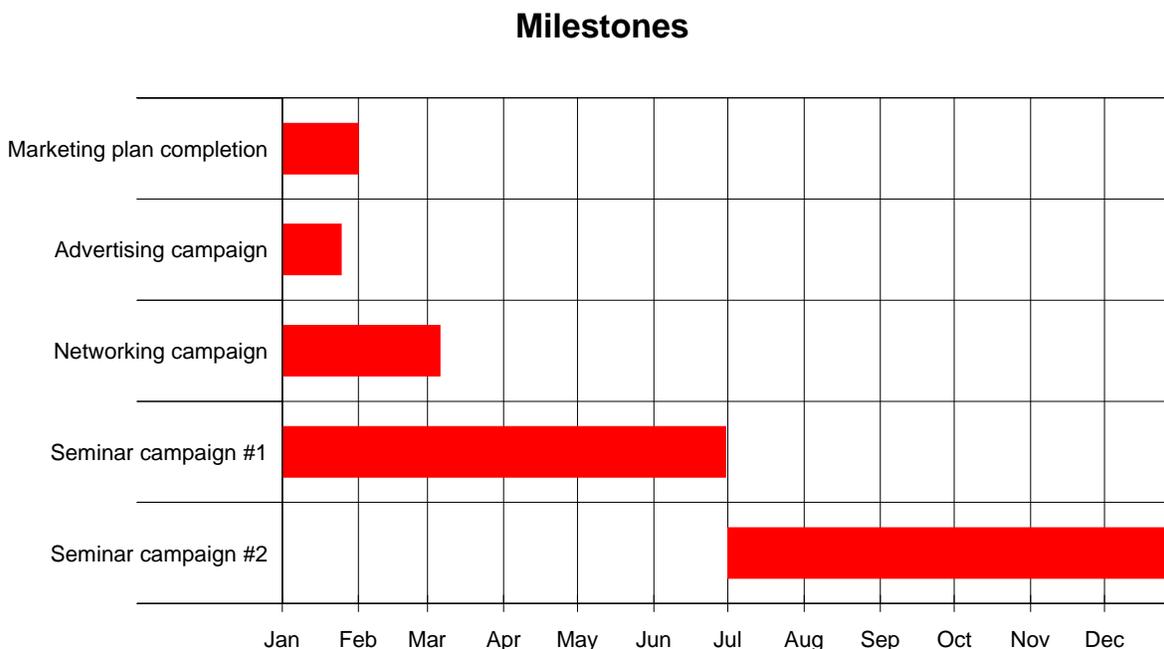
Marketing Expense Budget	2002	2003	2004
Advertisements	\$3,600	\$4,000	\$4,500
Seminars	\$3,000	\$3,500	\$4,000
Networking	\$1,500	\$1,500	\$1,500
	-----	-----	-----
Total Sales and Marketing Expenses	\$8,100	\$9,000	\$10,000
Percent of Sales	4.58%	2.57%	2.44%
Contribution Margin	\$111,160	\$240,649	\$282,521
Contribution Margin / Sales	62.85%	68.78%	68.81%

## 5.0 Controls

The purpose of The Tooth Fairy's marketing plan is to serve as a guide for the organization.

## 5.1 Implementation Milestones

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



**Table 5.1: Milestones**

Milestones	Plan	Start Date	End Date	Budget	Manager	Department
Milestone						
Marketing plan completion		1/1/02	2/1/02	\$0		
Advertising campaign		1/1/02	ongoing	\$3,600		
Networking campaign		1/1/02	ongoing	\$1,500		
Seminar campaign #1		1/1/02	6/30/02	\$1,500		
Seminar campaign #2		7/1/02	12/31/02	\$1,500		
Totals				\$8,100		

## 5.2 Marketing Organization

Dr. Extractor is primarily responsible for the marketing activities. He will however rely on an outside agency for production of the Yellow Pages advertisements.

## 5.3 Contingency Planning

### Difficulties and Risks

- Problems generating a sufficient customer base.
- A general public rejection of these cutting-edge procedures.
- An economic downturn that significantly diminishes target customer's discretionary income.

### Worst Case Scenario

- Determining that the business cannot support itself on an ongoing basis.
- Having to liquidate equipment to cover liabilities.

## Appendix: The Tooth Fairy

**Table 4.2 Sales Forecast**

Sales Forecast	Plan											
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
General Dentistry	\$0	\$3,500	\$3,800	\$4,454	\$5,142	\$5,334	\$5,565	\$5,645	\$6,001	\$6,224	\$6,343	\$6,543
Cosmetics	\$0	\$0	\$0	\$4,500	\$5,232	\$8,876	\$9,876	\$11,746	\$14,545	\$17,656	\$21,345	\$24,545
<b>Total Sales</b>	<b>\$0</b>	<b>\$3,500</b>	<b>\$3,800</b>	<b>\$8,954</b>	<b>\$10,374</b>	<b>\$14,210</b>	<b>\$15,441</b>	<b>\$17,391</b>	<b>\$20,546</b>	<b>\$23,880</b>	<b>\$27,688</b>	<b>\$31,088</b>
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
General Dentistry	\$0	\$2,100	\$2,280	\$2,672	\$3,085	\$3,200	\$3,339	\$3,387	\$3,601	\$3,734	\$3,806	\$3,926
Cosmetics	\$0	\$0	\$0	\$855	\$994	\$1,686	\$1,876	\$2,232	\$2,764	\$3,355	\$4,056	\$4,664
<b>Subtotal Cost of Sales</b>	<b>\$0</b>	<b>\$2,100</b>	<b>\$2,280</b>	<b>\$3,527</b>	<b>\$4,079</b>	<b>\$4,887</b>	<b>\$5,215</b>	<b>\$5,619</b>	<b>\$6,364</b>	<b>\$7,089</b>	<b>\$7,861</b>	<b>\$8,589</b>

## Appendix: The Tooth Fairy

**Table 4.3 Marketing Expense Budget**

Marketing Expense Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Advertisements	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Seminars	\$300	\$300	\$300	\$300	\$0	\$300	\$0	\$300	\$300	\$300	\$300	\$300
Networking	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
<b>Total Sales and Marketing Expenses</b>	<b>\$725</b>	<b>\$725</b>	<b>\$725</b>	<b>\$725</b>	<b>\$425</b>	<b>\$725</b>	<b>\$425</b>	<b>\$725</b>	<b>\$725</b>	<b>\$725</b>	<b>\$725</b>	<b>\$725</b>
Percent of Sales	0.00%	20.71%	19.08%	8.10%	4.10%	5.10%	2.75%	4.17%	3.53%	3.04%	2.62%	2.33%
Contribution Margin	(\$725)	\$675	\$795	\$4,702	\$5,870	\$8,598	\$9,801	\$11,047	\$13,457	\$16,066	\$19,102	\$21,774
Contribution Margin / Sales	0.00%	19.29%	20.92%	52.51%	56.58%	60.51%	63.47%	63.52%	65.50%	67.28%	68.99%	70.04%