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1.0 Executive Summary

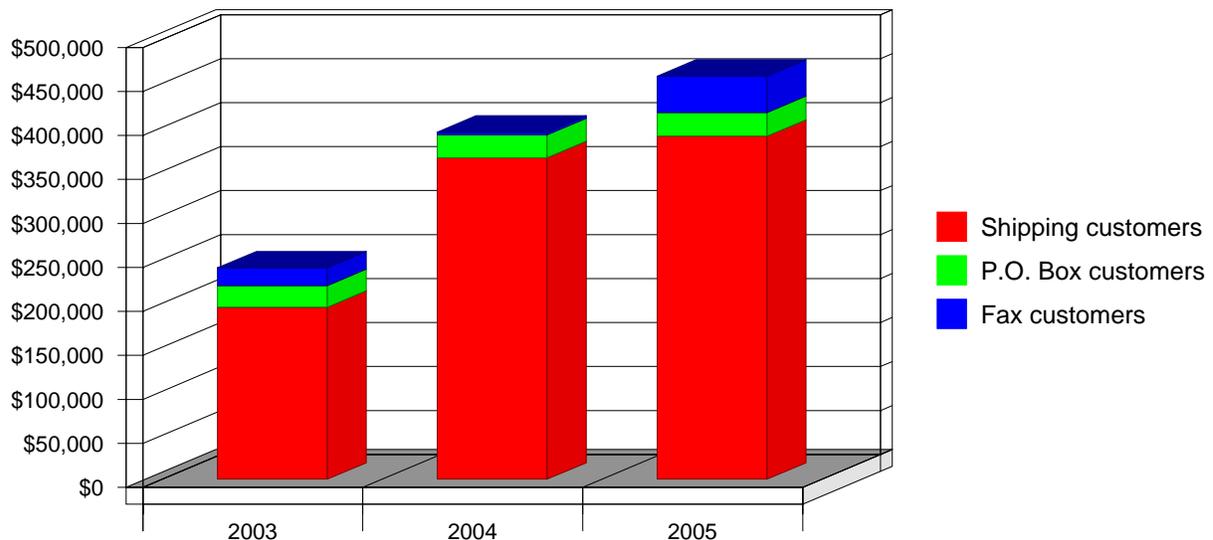
The Shipping Centre is a full service shipping, fax transmittal, and private P.O. Box company. It is an Oregon corporation, privately held and lead by Steve Freighter. The current package shipping center business has a lot of competition; but the competition acts like their services are a commodity, offering limited services.

The Shipping Centre will gain market share through the use of their two competitive advantages: customer service and convenience. Because the industry is turning commodity-like, having superior customer service is one important way of achieving differentiation. The other advantage is convenience. The Shipping Centre is open beyond the standard business hours, offering a true convenience to full-time working customers, the type of customer that is typical for The Shipping Centre.

The Shipping Centre is able to have slightly lower service charges on shipping packages and better margins than the competition through the use of innovative software that creates significant efficiencies in workflow processes. This innovative workflow efficiency, coupled with the competitive advantages will allow The Shipping Centre to gain market share.

The Shipping Centre is scheduled to reach profitability by month eleven and by year three will have earned \$19,654 in profit.

Annual Sales Forecast



2.0 Situation Analysis

The Shipping Centre is entering their first year of business. Marketing will be critical in developing sufficient business to reach profitability. The Shipping Centre offers shipping and packaging services, fax services, and private Post Office Box service.

2.1 Market Summary

The Shipping Centre possesses good information about the market and has collected insight regarding the ideal customer. This information will be leveraged to better understand who is served, their specific needs, and how The Shipping Centre can better communicate with them.

Target Markets

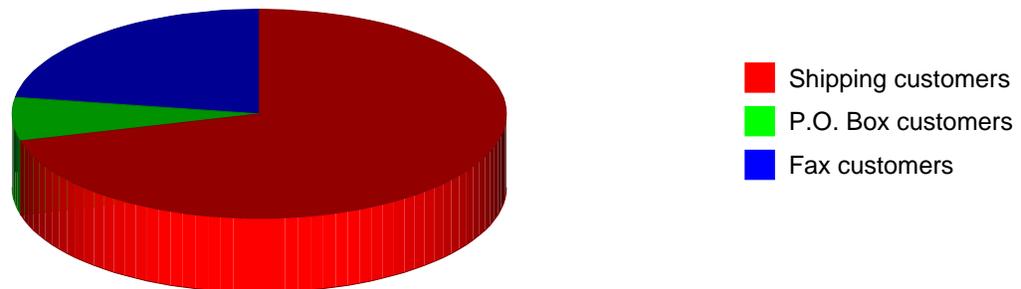


Table 2.1: Target Market Forecast

Target Market Forecast		2003	2004	2005	2006	2007	CAGR
Potential Customers	Growth	27,000	29,430	32,079	34,966	38,113	9.00%
Shipping customers	9%	27,000	29,430	32,079	34,966	38,113	9.00%
P.O. Box customers	5%	2,547	2,674	2,808	2,948	3,095	4.99%
Fax customers	6%	8,574	9,088	9,633	10,211	10,824	6.00%
Total	8.09%	38,121	41,192	44,520	48,125	52,032	8.09%

2.1.1 Market Demographics

The profile for The Shipping Centre's customer consists of the following geographic, demographic, and behavior factors:

Geographics

- The immediate geographic target is the city of Levenson, ID with a population of 124,000.
- A 15 mile radius is in need of the services.
- The total population is estimated at 38,121.

Demographics

- Primarily female (67%).
- Ages 23-59 (with a 45% clustering from 27-43).
- 67% have attended or graduated from college.
- Have a household income of at least \$40,000.

Behavior Factors

- Are willing to pay for convenience.
- Value their time and will sometimes do a simple cost-benefit-analysis to determine whether to pay for a convenience service or undertake the task themselves.
- 68% regularly make Internet-based or mail-order-based purchases.

2.1.2 Market Needs

The Shipping Centre is providing its customers with a well-priced, convenient shipping service. The Shipping Centre seeks to fulfill the following benefits that are important to their customers.

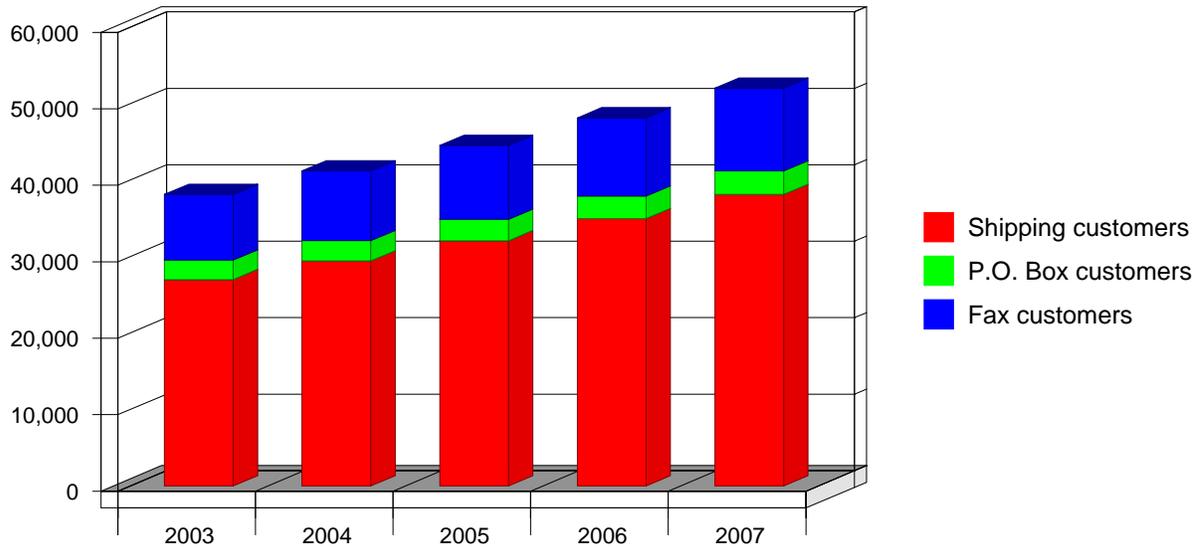
- **Customer service:** Customers are paying for a service and have the expectation to be treated very well.
- **Convenience:** The chosen location is easy to get to, and the business hours are long to accommodate most people's free time hours.
- **Reasonable prices:** Many of The Shipping Centre's competitors charge exorbitant prices for their service. By employing sophisticated software that generates workflow efficiencies, The Centre can maintain similar margins but charge customers less.

2.1.3 Market Trends

The market trend has been an increase in demand for shipping services with the advent of Internet-based purchasing. Now that more and more products are being purchased via the Internet, there is increased demand for unwanted products to be shipped back. Luckily for The Shipping Centre, the US Post Office (USPS) is not known for its customer service or convenience, driving customers to independent shipping services. The following variables have contributed to this trend.

- Internet retail sales: such as Amazon.
- Internet auction sales: such as eBay.
- Lack of true competition from the Post Office.
- Less time in people's schedule to perform "personal maintenance."

Market Forecast

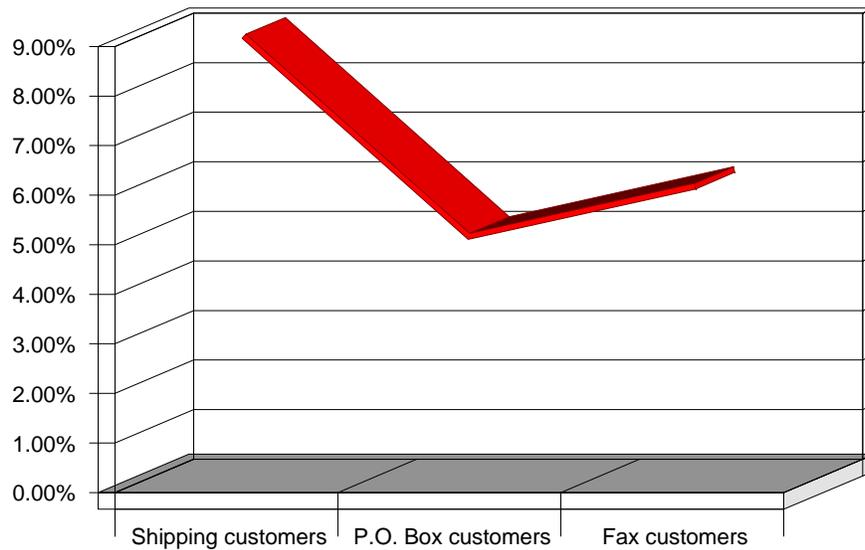


2.1.4 Market Growth

In 2000, the shipping service industry grew to over \$764 million in revenue. With the explosive growth of Internet-based purchases, both retail as well as auctions, it is forecasted to continue to grow at 5% for the next three years.

Additionally, the increase usage of private P.O. Box will fuel growth of this sector as more and more start-up business will rely on a private P.O. Box instead of a USPS P.O. Box due to the inconvenience of the USPS.

Target Market Growth



2.2 SWOT Analysis

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

2.2.1 Strengths

- The use of technology to create efficiencies.
- Better pricing than competitors while maintaining the same margins.
- A customer-centric business model.

2.2.2 Weaknesses

- Trouble attracting and keeping valuable employees.
- A limited budget to develop brand awareness.
- Price sensitivity of consumers for these services.

2.2.3 Opportunities

- Participation in a booming industry, fueled in large part by Internet growth and usage.
- The ability to spread overhead costs over an increasing number of transactions.
- High transaction numbers.

2.2.4 Threats

- Low transaction amounts that are somewhat labor intensive.
- Future/potential competition from companies that recognize the limited barriers of entry.
- Adoption of The Shipping Centre's sophisticated software by other competitors.

2.3 Competition

Currently, there are several different companies that offer a similar service offering that the Centre does. They are typically located in high traffic areas. They also have P.O. Boxes as well as fax and shipping. These different companies offer a commodity-like service.

People tend to make choices based on convenience. Market research indicates that there is little that differentiates the different competitors and there is little loyalty that customers display toward a specific store other than convenience.

2.4 Services

The Shipping Centre will provide full service shipping services. Our main services will be:

- UPS and USPS shipping, including international shipping.
- Packaging of items, including weird shapes and fragile items.
- Private P.O. Boxes.
- Fax service.

2.5 Keys to Success

The following focuses are The Shipping Centre's keys to success.

- **Convenience:** The Shipping Centre's services are value-added services. They must be convenient for customers to pay an additional fee for them.
- **Customer-centrism:** The customer must feel that they are being treated specially, otherwise they will not patronize The Centre.
- **Generate repeat business.**

2.6 Critical Issues

The Shipping Centre is in its first year of operation as a retail service provider. The critical issues that it faces are:

- Slowly and steadily gain market share by attracting new customers and generating repeat customers.
- To establish The Centre as the premier shipping/fax service in Levenson.

3.0 Marketing Strategy

The Shipping Centre will undertake a few marketing initiatives to generate business for the company. The first pseudo marketing activity is the choice of location for the store front. The Centre has chosen a popular, busy, mall to locate the business in. Some of the marketing budget has been earmarked to cover the variance in lease payments relative to less expensive leases that they could have secured in a number of different places. The willingness to pay more for the lease was based on the assumption that by choosing this location, the store front will receive a lot of walk-by traffic by virtue of their location. Once people become aware of The Shipping Centre they will then incorporate visiting The Centre while they are at the mall for various other reasons.

Additionally, The Centre will be using Yellow Page advertisements for those people that use the Yellow Pages as a resource for finding service providers. The last source of marketing will be the use of weekly advertisements in the Levenson Journal, the local newspaper.

3.1 Mission

The Shipping Centre's mission is to provide the customer with whatever type of shipping needs they may have. 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 awareness about the company with the different mall patrons.
- Increase repeat customers by 4% per quarter.
- Decrease customer acquisition costs by 5% per half.

3.3 Financial Objectives

- Generate continuous, month to month growth.
- Reach profitability by the end of year two.
- Generate workflow efficiencies, decreasing the labor cost per transaction down.

3.4 Target Marketing

The Shipping Centre is targeting these customers because they represent a growing portion of the population.

- **Shipping customers:** this segment of the population has grown steadily in the last few years mostly due to the Internet. When a customer purchases a product over the Internet and they need to return it for whatever reason, the easiest solution is to drop it off at a store like The Shipping Centre. Another growing segment is eBay sellers who are shipping out goods that they are selling. Shipping customers are also mail-order customers who have an item to return back to the catalog company. Lastly, there are regular people sending packages to whomever. They are typically enticed by a shipping option that is fast and convenient, two things that do not describe the Post Office or a regional UPS shipping center. Additionally, there are the customers who are in need of packaging for an item. To do it right, these things take time, especially for weird shaped or fragile items and time is a luxury that people are increasingly unwilling to devote toward packaging items up.

- **P.O. Box customers:** some consumers desire the option of a P.O. Box, eBay transactions have boosted the use of P.O. boxes recently, and The Shipping Centre will accommodate this group.
- **Fax customers:** this segment has a steady demand for fax transmittal services. Although many thought the use of email would reduce the number of transmittals done via the fax, this has not happened yet.

3.5 Positioning

The Shipping Centre will position itself as the reasonably priced, convenient shipping service for the Levenson community. The desired positioning will be reached by leveraging its competitive edges. The Shipping Centre's competitive edge will be based on two factors, customer service and convenience.

1. **Customer service:** The Shipping Centre will offer exemplary customer service that will stand out in the otherwise commodity-like delivery of services in this business space. The competitor's customer service is acceptable, but they do not go the extra mile for you. This will change with The Shipping Centre's customer service. After visiting The Shipping Centre you will leave with an overwhelming feeling of how superior customer service treatment should be. When you leave The Shipping Centre with that feeling, it will stick in your head and will be effective in differentiating The Shipping Centre from its competitors.
2. **Convenience:** Most of the competition keep normal business hours. While this works from some people, our market research indicates that people are using these services because they work during the day and they are in need of a quick and easy solution. By offering extended business hours, The Shipping Centre becomes immediately more convenient by allowing working individuals to service their shipping needs, and etc., after their work hours.

3.6 Strategy Pyramids

The single objective of The Shipping Centre is to become the popular, shipping/ fax transmittal/P.O. Box service in the city. The Centre seeks to gain a majority share of the market within five years. The marketing strategy aims to first create customer awareness regarding the offered services, then develop the customer base, and finally work toward building customer loyalty.

The message that the company wishes to communicate is that it is a reasonably priced, convenient shipping service provider. This message will be communicated through various methods. The first method will be advertisements displayed in the Yellow Pages. The Centre will also use weekly advertisements placed in the local newspaper. Within these ads will be occasional coupons to encourage new customers to try the Centre.

3.7 Marketing Mix

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

- **Pricing:** The scheme will be to have prices that are more competitive than the competitors.
- **Distribution:** All services will be offered from the store front.
- **Advertising and promotion:** The marketing campaign will utilize several different strategies.
- **Customer service:** The business model is based on a customer-centric focus that is instilled in all of the employees.

3.8 Marketing Research

During the development of the business and marketing plans, The Centre performed marketing research to validate its idea. This marketing research took two forms, questionnaires and a focus group.

- The questionnaires were given out to patrons of several different popular shopping areas and inquired into the different uses that people would have for a shipping service provider. The response rate for the questionnaires was 9%, a reasonable amount. The questionnaires were developed with the help of a statistic professor, ensuring their validity.
- The focus group was held to gain customer insight. The session was taped to allow the facilitators to capture the responses after the fact with no time constraints. The sessions had a set of already established questions, as well as a free flow discussion period.

Both sources of marketing research was helpful in providing valuable information regarding the idea of launching this new business.

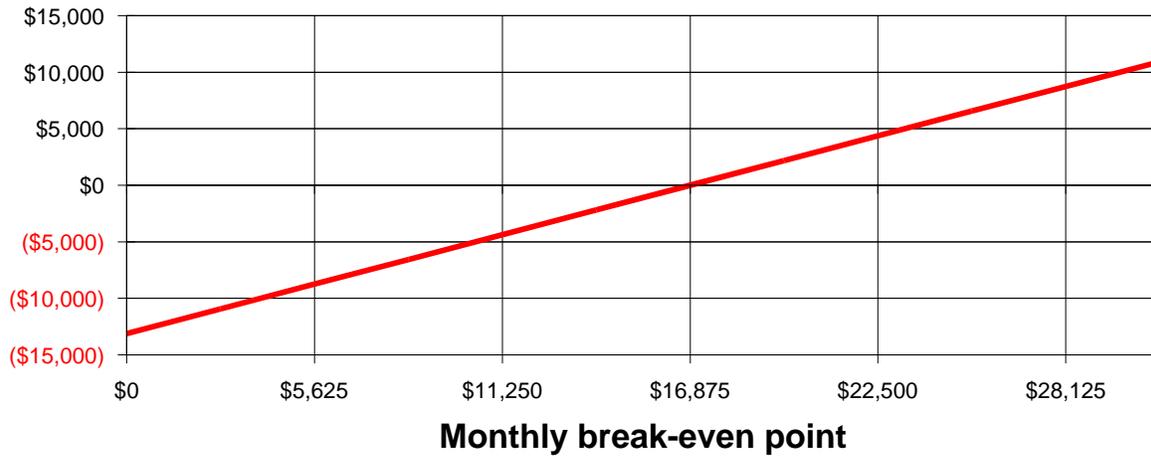
4.0 Financials, Budgets, and Forecasts

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

4.1 Break-even Analysis

The break-even analysis indicates that \$16,875 is needed in monthly revenue to reach the break-even point.

Break-even Analysis



Break-even point = where line intersects with 0

Table 4.1: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	3,750
Monthly Sales Break-even	\$16,875
Assumptions:	
Average Per-Unit Revenue	\$4.50
Average Per-Unit Variable Cost	\$1.00
Estimated Monthly Fixed Cost	\$13,125

4.2 Sales Forecast

The first month will be spent setting up the business. There will not be any sales activity during this time period. By the second month the store will be open to customers and they will begin to trickle in. It will not be until months four and five that a steady stream of customers begin using the shipping centre.

For the shipping and fax service The Shipping Centre expects a steady increase in business. For the P.O. Boxes, there will be a steady increase until the boxes are near full utilization and then there will be a plateau of sales activity from the boxes.

Monthly Sales Forecast

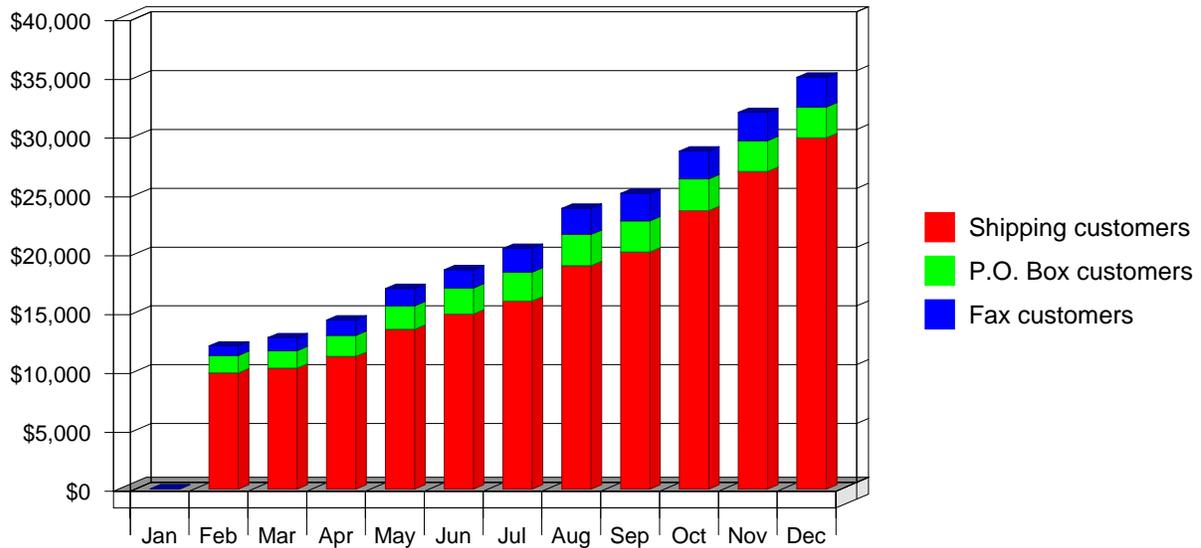


Table 4.2: Sales Forecast

Sales Forecast			
Sales	2003	2004	2005
Shipping customers	\$195,425	\$365,412	\$389,850
P.O. Box customers	\$24,732	\$26,000	\$26,987
Fax customers	\$19,997	\$3,058	\$41,254
Total Sales	\$240,154	\$394,470	\$458,091
Direct Cost of Sales			
	2003	2004	2005
Shipping customers	\$87,941	\$164,435	\$175,433
P.O. Box customers	\$2,473	\$2,600	\$2,699
Fax customers	\$10,998	\$1,682	\$22,690
Subtotal Cost of Sales	\$101,413	\$168,717	\$200,821

4.3 Expense Forecast

The marketing expenses will be budgeted so that they are fairly high during the first quarter of operation. This is designed to generate awareness for the start-up organization. Throughout the remainder of the year, expenses will peak in various months, corresponding to busier periods of the year.

Monthly Expense Budget

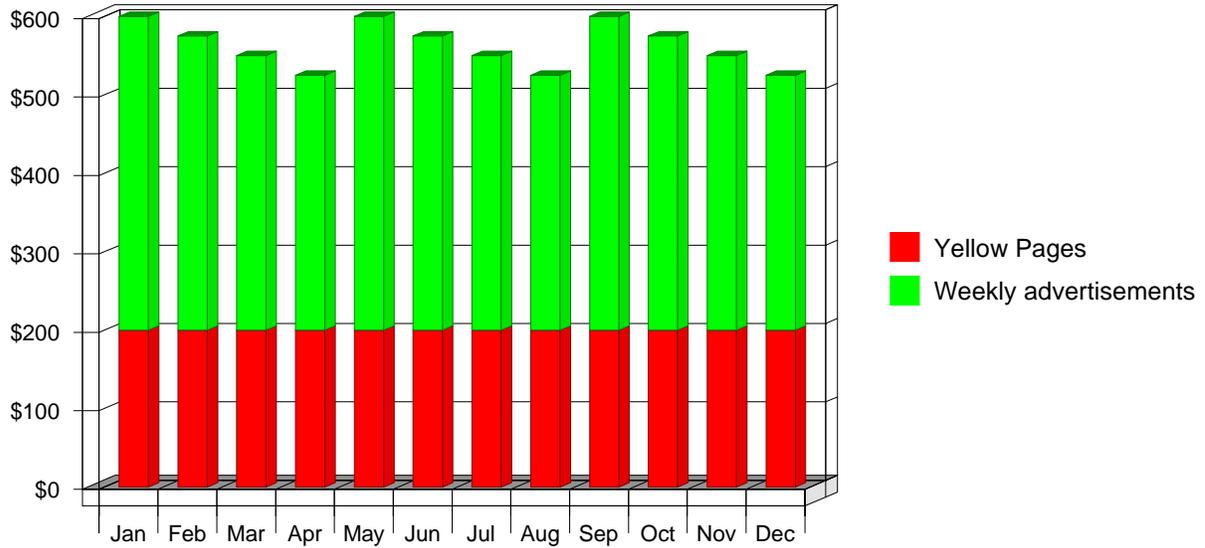


Table 4.3: Marketing Expense Budget

Marketing Expense Budget	2003	2004	2005
Yellow Pages	\$2,400	\$2,400	\$3,000
Weekly advertisements	\$4,350	\$4,800	\$5,500
Total Sales and Marketing Expenses	\$6,750	\$7,200	\$8,500
Percent of Sales	2.81%	1.83%	1.86%
Contribution Margin	\$131,991	\$218,553	\$248,770
Contribution Margin / Sales	54.96%	55.40%	54.31%

5.0 Controls

The purpose of The Shipping Centre's marketing plan is to serve as a guide for the organization. The following areas will be monitored to gauge performance.

- Revenue: monthly and annual.
- Repeat customers.
- Customer satisfaction.

5.1 Implementation Milestones

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

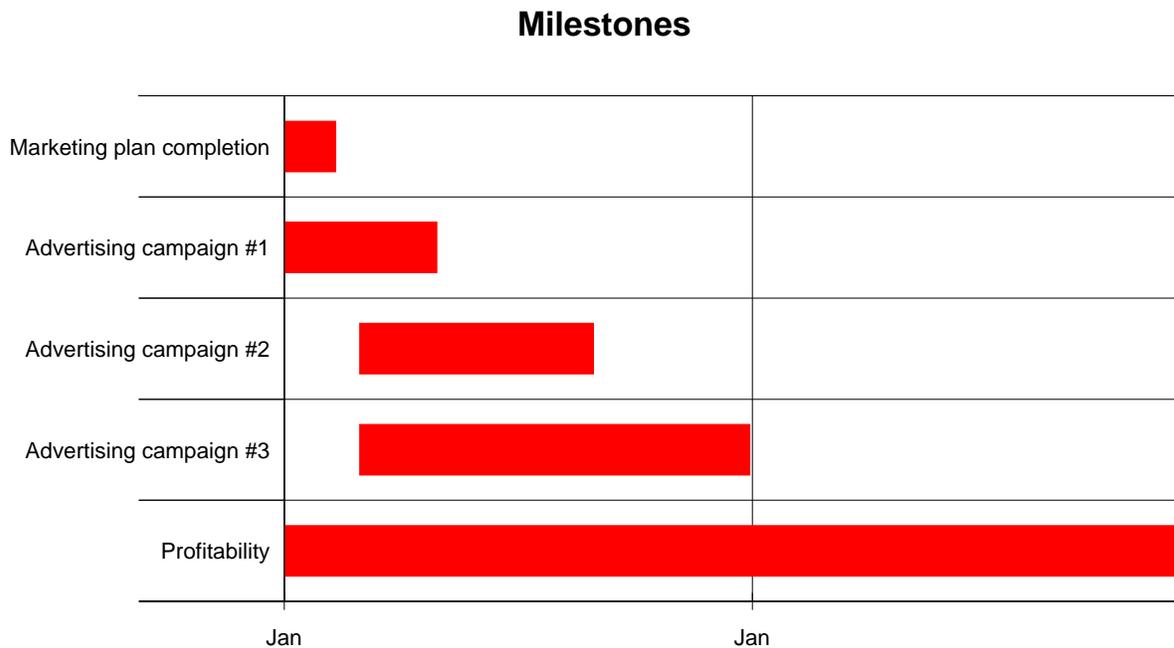


Table 5.1: Milestones

Milestones	Plan				
Milestone	Start Date	End Date	Budget	Manager	Department
Marketing plan completion	1/1/03	2/10/03	\$0	Steve	
Advertising campaign #1	1/1/03	4/30/03	\$1,450	Steve	
Advertising campaign #2	3/1/03	8/30/03	\$1,450	Steve	
Advertising campaign #3	3/1/03	12/30/03	\$1,450	Steve	
Profitability	1/1/03	12/1/04	\$0	Steve	
Totals			\$4,350		

5.2 Marketing Organization

Steve will be primarily responsible for the marketing activities, including:

- Creation of the marketing plan.
- Advertising campaigns--design and implementation.
- Assessment of the performance of promotional activities, including a return on investment analysis.

5.3 Contingency Planning

Difficulties and Risks

- Overly aggressive competition from the already established competitors.
- Walk by traffic in the district is far less than forecasted.
- The USPS decides to make customer satisfaction a priority.

Worst Case Risks Include

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

Appendix: The Shipping Centre

Table 4.2 Sales Forecast

Sales Forecast	Plan											
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Shipping customers	\$0	\$9,856	\$10,255	\$11,254	\$13,565	\$14,875	\$15,989	\$18,987	\$20,145	\$23,658	\$26,987	\$29,854
P.O. Box customers	\$0	\$1,500	\$1,500	\$1,800	\$2,014	\$2,214	\$2,455	\$2,656	\$2,658	\$2,698	\$2,612	\$2,625
Fax customers	\$0	\$800	\$1,101	\$1,300	\$1,454	\$1,547	\$1,989	\$2,212	\$2,312	\$2,356	\$2,401	\$2,525
Total Sales	\$0	\$12,156	\$12,856	\$14,354	\$17,033	\$18,636	\$20,433	\$23,855	\$25,115	\$28,712	\$32,000	\$35,004
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Shipping customers	\$0	\$4,435	\$4,615	\$5,064	\$6,104	\$6,694	\$7,195	\$8,544	\$9,065	\$10,646	\$12,144	\$13,434
P.O. Box customers	\$0	\$150	\$150	\$180	\$201	\$221	\$246	\$266	\$266	\$270	\$261	\$263
Fax customers	\$0	\$440	\$606	\$715	\$800	\$851	\$1,094	\$1,217	\$1,272	\$1,296	\$1,321	\$1,389
Subtotal Cost of Sales	\$0	\$5,025	\$5,370	\$5,959	\$7,105	\$7,766	\$8,535	\$10,026	\$10,603	\$12,212	\$13,726	\$15,086

Appendix: The Shipping Centre

Table 4.3 Marketing Expense Budget

Marketing Expense Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Yellow Pages	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Weekly advertisements	\$400	\$375	\$350	\$325	\$400	\$375	\$350	\$325	\$400	\$375	\$350	\$325
Total Sales and Marketing Expenses	\$600	\$575	\$550	\$525	\$600	\$575	\$550	\$525	\$600	\$575	\$550	\$525
Percent of Sales	0.00%	4.73%	4.28%	3.66%	3.52%	3.09%	2.69%	2.20%	2.39%	2.00%	1.72%	1.50%
Contribution Margin	(\$600)	\$6,556	\$6,936	\$7,870	\$9,328	\$10,295	\$11,349	\$13,304	\$13,912	\$15,925	\$17,724	\$19,393
Contribution Margin / Sales	0.00%	53.93%	53.95%	54.83%	54.76%	55.24%	55.54%	55.77%	55.39%	55.47%	55.39%	55.40%