



COFFEEVILLE

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Marketing Plan

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Table of Contents

1.0 Executive Summary	1
2.0 Situation Analysis	3
2.1 Market Summary	3
2.2 SWOT Analysis	7
2.3 Competition	8
2.4 Service Offering	8
2.5 Keys to Success	9
3.0 Marketing Strategy	10
3.1 Mission	10
3.2 Marketing Objectives	10
3.3 Financial Objectives	10
3.4 Target Marketing	11
3.5 Positioning	12
3.6 Strategy Pyramids	13
3.7 Marketing Mix	14
3.8 Product Development	16
3.9 Market Research	16
4.0 Marketing Expenditure	17
4.1 Marketing Budget Compared by Year	17
5.0 Controls	18
5.1 Implementation Milestones	18
5.2 Contingency Planning	19

1.0 Executive Summary

CoffeeVille is owned and managed by partners Emma and Rufus Belcastran. Due to their respective fields of expertise, Emma Belcastran will manage most marketing activities such as promotions and Rufus Belcastran will manage market and marketing research and liaise with external consultancies where required.

At a Glance – CoffeeVille

- Location: CBD.
- Design: bright and functional.
- Size: 90 m².
- Employees: 5 to 8 full time plus casuals
- Seating: 15 customers.
- Types of transactions: 70% takeaway; 15% sit down; 15% catering.

CoffeeVille is entering its third year of business operation. Due to effective positioning, the cafe has been well-received by the Melbourne consumer market. Continuing effective marketing is considered to be critical to the company's future success and profitability.

According to the company mission, CoffeeVille provides a unique and compelling cafe experience for the discriminating and socially aware Melbourne coffee drinker. CoffeeVille provides:

- high quality, fair trade, coffee
- superior hot and cold gourmet food and beverages
- consistently high level of expert and knowledgeable, fast and friendly service

According to the CoffeeVille vision, within five years, the company will have established itself as a premier provider of gourmet coffee and food for the ethically and socially aware Melbourne coffee drinker. CoffeeVille will have expanded to a number of key locations in the Melbourne CBD.

CoffeeVille aims to achieve company mission and vision through the implementation of several key strategic directions:

- increase revenue through targeted marketing campaigns
- control direct and indirect operational costs
- maintain superior product and service quality standards
- establish CoffeeVille brand as ethical and environmentally responsible company
- maintain highly trained and motivated staff.

CoffeeVille Marketing Plan

This marketing plan has been prepared to ensure marketing activities are coordinated with company strategic directions to achieve company mission, vision and values.

This marketing plan comprises of:

- a situation analysis to identify market characteristics and key strengths and weaknesses of the business relating to meeting consumer demand
- a marketing strategy to identify marketing objectives, leverage strengths, target key segments effectively, and position CoffeeVille to achieve the company mission and vision
- a detailed budget of marketing expenditure for the year (totalling \$60,000, representing a 67% increase on the previous year)
- a section on control of marketing activity, which includes milestones for achievement of marketing objectives and contingency planning.

This third year of operations will be crucial to the achievement of the company's vision. CoffeeVille will build on the success of the previous two years, continue to establish its brand and set the foundation for future expansion.

2.0 Situation Analysis

To achieve success, CoffeeVille will need to identify key market characteristics, trends and the situation of the business in order to satisfy market needs, leverage strengths and minimise risk.

2.1 Market Summary

CoffeeVille possesses reliable information about the market and, through two full years of operations, has extensive knowledge of the common attributes of our customers. Information has been sourced through:

- Melbourne Chamber of Commerce reports
- market research purchased from private consultancy (Action Marketing)
- marketing research undertaken by CoffeeVille and Action Marketing on targeted consumer groups such as information collected at point-of-sale; through website traffic monitoring; social media monitoring; interviews; and surveys.

CoffeeVille will use this information to better understand the market, its specific and evolving needs, and how market needs can be met.

2.1.1 Market Analysis

The profile for a CoffeeVille customer consists of the following geographic, demographic, and behaviour factors:

- **Overview CBD**
 - Large percentage of office workers (80% of daytime trade).
 - Area population growing at 8% per year.
- **Geographic**
 - Our immediate geographic target is the area of within 500 metres of the cafe.
 - The total area population is estimated at 45,000.
- **Demographics**
 - Male and female.
 - Ages 20–60; this is the age-group that makes up 83% of the available daytime market.
 - Full-time employment.
 - An income over \$50,000.

CoffeeVille Marketing Plan

- **Behaviour factors**

- Eat out most times for lunch in a week.
- Tend to patronise fast service cafes.
- Enjoy a high quality meal.
- Value quality.
- Value ethical and sustainable practices.

2.1.2 Market Needs

The cafe offers a quality of coffee unsurpassed by any competitors. The basic market need (of sit-down customers, businesses, and takeaway customers) is for high quality coffee, fresh, creative, attractive, pre-made delicacies and desserts. CoffeeVille uses local, home-made sauces, organic vegetables, and local (where possible) or imported meats and cheeses. Consumers also demand expert and efficient service and socially and environmentally sound business practices.

According to market research, CoffeeVille seeks to provide the following benefits to represent value to their customers.

- **Selection:** A choice of popular heat and serve options.
- **Accessibility:** Street-level premises, wheelchair accessible. The patron can gain easy access to the cafe with minimal wait.
- **Customer service:** The patron will be impressed with the speed of the service.
- **Competitive and appropriate pricing:** All products/services will be competitively priced relative to comparable high quality food and gourmet coffees.
- **Ethical and environmentally responsible business practices:** CoffeeVille coffee beans are sourced through fair trade certified suppliers where possible. Fair trade logo used extensively to create awareness of CoffeeVille practices. Food products and ingredients are organic and locally sourced as far as possible and labelled to create awareness amongst patrons. Packaging is kept to minimum. Advertising is electronic, or if printed, printed on recyclable material where possible. Triple bottom line reporting is publicised and available to consumers.

2.1.3 Market Trends

The market trend for cafes is headed toward the need to cater for a more sophisticated and environmentally and socially aware customer. Cafe patrons are becoming increasingly sophisticated in a number of different ways.

- **Coffee and food quality:** The preference for high quality ingredients is increasing as customers have a wide variety of choice with regard to fresh, quality coffee, pastry, etc. Urban consumers are more aware of personal likes and dislikes and are increasingly developing a refined taste for quality ingredients. Moreover, consumers are more likely to voice opinions on coffee and food quality and so influence behaviour of peers.
- **Health awareness:** Consumers actively seek healthy alternatives to enhance health and appearance and to complement active lifestyles. In addition, consumers are more aware of food intolerances. The consumer is increasingly presented with choice with regard to ingredients:
 - lactose free
 - gluten free
 - vegetarian.
- **Speed:** As morning and lunch times become more time pressured, patrons are learning to appreciate speed of service.
- **Ethical practices:** Consumers will actively seek out and patronise companies with credible ethical business practices.
- **Access to information on products, services, promotions, discounts, company practices and policies:** Information is readily available to potential customers through internet sources such as websites and social media.
- **Distrust or scepticism towards more traditional, wide-casting media such as newspapers, television and radio:** Electronic narrow-casting – delivering promotional messages through electronic social media and word-of-mouth to specific groups of consumers – represents an increasingly popular, effective and cost-effective method of reaching specific target markets. Consumers targeted in this way are more likely to identify products and services with positive qualities they attribute to electronic social media such as trustworthiness, personalisation, responsiveness, immediacy, and 'coolness'.

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2.1.4 Market Growth

Consumer research indicates a trend towards a more sophisticated café patron. In fact, over recent years, Melbourne has developed a reputation for coffee fanaticism and 'coffee snobbery'. This trend, together with the raw growth of population within the geographic area of the CoffeeVille, points towards both a growing market for CoffeeVille and increasing potential for the cafe to attract this market with its unique and compelling value proposition. Sales figures indicate lunchtime foot traffic is trending upwards as time-poor consumers eat out for lunch.

2.1.5 PEST Analysis

Political environment

Relevant legislation may include:

- health and safety
- food safety
- banking implications following GFC
- industrial relation (IR) laws
- possible packaging and labelling laws
- increasingly stringent environmental laws
- traineeships and funding.

The last three types of legislation may be particularly important for CoffeeVille's business and marketing activities. As noted, ethical business practices such as fair trade and rainforest alliance are beginning to be increasingly on people's political radar. More stringent packaging laws may allow CoffeeVille to highlight its ethical and responsible approach to business.

In a similar way, environmental legislation may allow CoffeeVille to promote its low-impact approach to advertising while also disadvantaging the competition, which may need to alter their practices to comply.

Finally, CoffeeVille anticipates that the Australian Government's focus in future legislative direction will be about 'growing the economy' and 'skills growth', which CoffeeVille sees as a positive for its business model. From a marketing perspective, CoffeeVille will be able to promote its approach to training and providing customers with expert service.

Economic environment

The unemployment rate remains at under 5%. Steady or moderately falling interest rates underpin business and consumer confidence. Growth is forecast across the economy at a modest 2–3%. Victoria and Melbourne are forecast to grow in this mid range.

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From a consumer and marketing perspective, CoffeeVille represents a low cost and low risk means to achieve a touch of luxury in uncertain economic times. Consumers may refrain from buying big-ticket items (such as TVs, cars, etc.) but may pamper themselves with fine coffees and food to compensate.

Social environment

Consumers are increasingly aware of working conditions in other countries and increasingly want to contribute to better social and economic outcomes globally. Consumers are also concerned about the environment. CoffeeVille will endeavour to promote itself as environmentally and socially responsible and conduct business operations accordingly. In this way, CoffeeVille will offer value to the consumer and position itself as a leader in social and environmental responsibility.

Technological environment

Internet, information, and social networking technologies continue to evolve and provide new challenges and opportunities for marketing. CoffeeVille will continue with its effective use of its website and social networking to reach its target markets.

2.2 SWOT Analysis

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

Strengths

- Excellent staff, highly skilled at coffee making and food preparation.
- Great location.
- High customer loyalty.
- Coffee and food offerings that exceed competitors' offerings in quality and speed.

Weaknesses

- A limited marketing budget to develop brand awareness.
- Limited space and capacity to serve more customers.
- High cost of sales associated with choice to provide fair trade and organic food and coffee.

Opportunities

- Strong market potential. A significant percentage of the target market still not visiting CoffeeVille on a daily basis.
- Expansion and franchising.

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- Extension of business hours.
- Corporate catering.

Threats

- Competition from local cafes and food service providers.
- Uncertainty of worldwide coffee supplies.
- Potential shifts in population when buildings or streets are redeveloped.

2.3 Competition

Competition

- Focaccia Buzz: Offers consumers maximum choice, allowing the customer to assemble their focaccias as they wish. Food quality is average.
- Zelda's: Has a limited selection of coffees but the sandwiches are made with high-quality ingredients. The price point is high, but the food is quite good. Also has licence to serve alcohol.
- Coffee Mia: Offers good coffee and cake at a lower price point.
- Café Verdi: has a medium-priced menu of pre-made pasta and deep fried snacks and an unwelcoming atmosphere.
- McDonald's McCafe: Offers lower quality coffee and food. Much lower price point than CoffeeVille. Relatively fast.
- Subway: Offers lower quality coffee and food. Much lower price point. Offers fresh salad and healthy options.
- Sushi Mi: Offers lower quality coffee. Interesting selection of sushi and sashimi. Much lower price point. Offers fresh salad and healthy options. Relatively fast service.
- 7/11: Offers very low quality coffee and food. Very low price point. Extremely quick service.

2.4 Service Offering

CoffeeVille will endeavour to recruit service staff with a proven record of customer service. Where skills and knowledge are inadequate, CoffeeVille will commit to training and retraining staff to achieve a level of customer service which distinguishes us from the competition.

In addition, CoffeeVille will provide ongoing training to hone customer service skills and develop staff.

Promotional activities will highlight the skill and knowledge of our staff.

2.5 Keys to Success

From a marketing perspective, it will be important to work to maximise the promotional impact of CoffeeVille strengths, while seizing the opportunity to increase custom and market share.

CoffeeVille will need to effectively position itself as distinct from the competition, or, where directly comparable, as offering better value. Promotional activity will need to highlight our value proposition and be distributed in a way that both appeals to our target market and underscores our stated commitment to social and environmental responsibility.

On the other hand, resources will need to be utilised in the most cost-effective way to reach customers given cost pressures. Threats may be minimised through positioning CoffeeVille correctly to offset the impact of competitors' marketing activities.

3.0 Marketing Strategy

Marketing activities will continue to set the foundations for achieving the company vision of building the CoffeeVille brand and, within five years, expanding to a number of key locations in the Melbourne CBD.

To this end the, marketing budget has increased 67% to \$60,000. This money will be spent in targeted campaigns to achieve business and marketing objectives.

3.1 Mission

CoffeeVille provides a unique and compelling café experience for the discriminating and socially aware Melbourne coffee drinker. CoffeeVille provides:

- high quality, fair trade coffee
- superior hot and cold gourmet food and beverages
- consistently high level of expert and knowledgeable, fast and friendly service.

3.2 Marketing Objectives

- To position CoffeeVille as a provider of a superior coffee experience and supplier of gourmet food in the CBD.
- Increase foot traffic from 250 to 300 customers per day.
- Increase brand recognition so that at least eight in ten people within area (500 metres) recognise our brand in surveys conducted by CoffeeVille and Action Marketing.
- Establish good will within our target market so that at least seven of ten people within area (500 metres) rate our company as socially and environmentally responsible.

3.3 Financial Objectives

- Generate at least \$105,000 in sales per month.
- Minimum 10% increase in gross profit income each year.
- Reduce the overhead per store through disciplined growth.
- Decrease the cost of sales.

3.4 Target Marketing

The market has been divided into three target markets or segments: individual takeaway; individual sit-down; groups (organisations and business catering).

Individual takeaway

According to market research undertaken by Action Marketing, the estimated total potential size of this market is 12,000–15,000 individuals. The market size is growing at 5% annually, as Melbourne grows generally and as social trends point to increasing awareness of social/environmental issues and desire for quality food within the area population.

The profile of a customer within this segment is:

- aged between 20 and 60
- regular commuters
- clerical or professional
- income over \$40,000
- moderately price-sensitive but may see higher price as indicator of quality
- sensitive to service and food quality
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

Individual sit-down

According to market research undertaken by Action Marketing, the estimated total potential size of this market is 4,000–5,000 individuals. As with individual sit-down, the market size is growing at 5% annually, as Melbourne grows generally and as social trends point to increasing awareness of social/environmental issues and desire for quality food within the area population.

The profile of a customer within this segment is:

- aged between 35 and 60
- regular commuters
- potentially tourist, foreign or domestic
- clerical or professional: may be managers holding informal meetings or interviews
- income over \$60,000

CoffeeVille Marketing Plan

- highly sensitive to service and food quality: eager to impress colleagues, others
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

Groups (Organisations and business catering)

According to market research undertaken by Action Marketing and CoffeeVille, the estimated total potential size of this market is 650 businesses. The number of businesses targeted by CoffeeVille is likely to remain steady.

The profile of a customer within this segment is:

- aged between 35 and 60
- regular commuters
- clerical or professional: may be represented by managers holding formal business meetings, training or special events
- highly sensitive to service and food quality: eager to impress colleagues
- sensitive to peer influences
- moderately price-sensitive.
- income over \$60,000
- represent workplaces in which employees are socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

3.5 Positioning

CoffeeVille is a competitively priced, fine coffee and gourmet food supplier. CoffeeVille consumers who appreciate high-quality coffee and food will recognise the value and unique offerings of CoffeeVille

- **Product and price:** Finest coffee beans, ground fresh by CoffeeVille; gourmet focaccia, cakes and pastries fresh daily. CoffeeVille prices are competitive but slightly higher than competitors' but such pricing is intended to signify higher quality and brand prestige.
- **Service:** Consistently high level of fast and friendly service provided by skilled and experienced staff. Service is a key differentiator of CoffeeVille's offering. Catering will be delivered as per customer

CoffeeVille Marketing Plan

specifications in line with the CoffeeVille market positioning as a premier service.

- **Ethics:** Fair trade coffee used. CoffeeVille is an environmentally responsible business and uses a minimum of non-recyclable packaging. Local and organic food and ingredients are used where possible. Social and environmental responsibility is a key differentiator of CoffeeVille's offering.

3.6 Strategy Pyramids

All marketing activities are coordinated with company strategic directions to achieve company mission, vision and values.

CoffeeVille key strategic directions (from business plan) are:

- increase revenue through targeted marketing campaigns
- control direct and indirect operational costs
- maintain superior product and service quality standards
- establish CoffeeVille brand as ethical and environmentally responsible company
- maintain highly trained and motivated staff

CoffeeVille marketing objectives and operational tactics coordinate with key strategic directions.

- To position CoffeeVille as a provider of a superior coffee experience and supplier of gourmet food in the CBD: Achieving this objective will help to increase revenue and establish the CoffeeVille brand.
- Increase foot traffic from 250 to 300 customers per day: Achieving this objective will help increase revenue.
- Increase brand recognition so that at least eight in ten people within area (500 metres) recognise our brand in surveys conducted by CoffeeVille and Action Marketing: Achieving this objective will help build the CoffeeVille brand, indirectly working to increase revenue.
- Establish good will within our target market so that at least seven of ten people within area (500 metres) rate our company as socially and environmentally responsible: Achieving this objective will help build the CoffeeVille brand, indirectly working to increase revenue.

Marketing activities are intended to provide the most benefit (in terms of achieving strategic directions) for the least cost. See marketing expenditure section for details on marketing costs.

See the marketing mix section below for specific tactical/operational approaches to achieve marketing objectives.

3.7 Marketing Mix

In general, through an integrated marketing mix, the marketing strategy will seek to create customer awareness regarding the value CoffeeVille represents toward target markets and work toward maintaining and building customer loyalty and referrals.

CoffeeVille's marketing mix is comprised of the following approaches to pricing, distribution (place), advertising/promotion, product and people.

Pricing

Menu pricing is intended to position CoffeeVille as slightly higher priced than its competitors. This pricing strategy is intended to both increase revenue and underpin CoffeeVille's message of higher quality:

- Breakfast options: \$6–\$8.
- Focaccias: \$9–\$10.
- Pastries, muffins and cakes: \$4–\$7.
- Coffee, tea and hot chocolate: \$3–\$4.
- Milkshakes and iced coffees: \$5.
- Bottled drinks: \$3–\$4.

Place

To appeal to segments, particularly the sit down clientele segment, the premises will be clean, functional and stylish.

70% of business is expected from takeaway customers meaning that areas with customer traffic must be free of obstructions to increase speed of service. Displays will serve the dual purpose of encouraging purchase and facilitating easy retrieval by staff or customers of items for sale.

Catering will be delivered as per customer specifications in line with the CoffeeVille market positioning as a premier service.

Promotion

The core message that CoffeeVille will seek to communicate to potential and existing customers is that CoffeeVille offers a superior customer experience through products, service values and an environment that appeal to target segments. This basic message will be communicated through a variety of methods.

- **Advertising in local magazines**

A common attribute of all targeted market segments is that they commute on a regular basis. CoffeeVille will therefore place regular advertising in local magazines deemed to have a high number of commuters/other segment attributes.

CoffeeVille Marketing Plan

- **Encouraging articles and reviews in local magazines**

CoffeeVille will attempt to get articles and reviews in *mX*. These can include information on coffee plantations, ethical coffee practices, etc. CoffeeVille will regularly provide *mX* with press releases to encourage use of our content. In addition, CoffeeVille will invite people from *mX* for lunch to discuss the business in order to raise awareness among writers. Such tactics have proved successful for similar businesses that have been featured in *mX*.

Because of the level of effectiveness and minimum cost, CoffeeVille will work hard to get press in *mX*.

- **Direct mail to local businesses**

CoffeeVille does direct mail and local advertising to businesses. Direct mail campaigns will be a way to communicate directly with the consumer segments, particularly those needing catering services.

Additionally, marketing research undertaken by CoffeeVille indicates that the local patrons far prefer to receive information from the cafe via flyers delivered to their business location.

- **Online presence**

CoffeeVille will continue to build its online presence through regular updating and review of its website. It is anticipated that as expansion plans proceed, the ability of potential customers from a wider geographic area to access online information will become increasingly important. Promotional messages may include discounts and information on special promotional days.

CoffeeVille will ensure that promotional messages are prominent and accessible. CoffeeVille will also utilise YouTube to place positive messages with the potential for viral marketing.

- **Social networking**

Although obviously related to online presence, online social networking presents such a compelling opportunity that it should be discussed separately. In the interest of keeping costs to a minimum and also developing a loyal following, CoffeeVille will encourage customers to interact with CoffeeVille and other potential customers to receive loyalty rewards. As marketing research indicates, consumers targeted through online social media are more likely to identify products and services with positive qualities they attribute to electronic social media such as trustworthiness, personalisation, responsiveness, immediacy, and 'coolness'.

CoffeeVille Marketing Plan

Product and service

CoffeeVille will continue to offer the finest coffee beans, ground fresh by CoffeeVille, gourmet focaccias, cakes and pastries fresh daily.

Despite the temptation to lower cost through sourcing lower-quality ingredients, CoffeeVille must always ensure the highest possible quality remain consistent with our brand. Word of mouth on slipping quality or service standards may severely undermine the marketing strategy.

People

A key aspect of CoffeeVille's marketing strategy is its people. CoffeeVille will continue to train its staff so they both offer the service expected by the market and become effective good will ambassadors for CoffeeVille.

3.8 Product Development

As market research discovers unmet customer needs, CoffeeVille will continue to offer new and innovative offerings to position the company as responsive to customer requirements.

Product sales are monitored to gauge market response to menu items.

3.9 Market Research

Access to ongoing market research will be achieved through regular research activities carried out by Action Marketing and CoffeeVille. See the implementation milestones section for specific research activities. Rufus Belcastran will manage market and marketing research and liaise with Action Marketing.

Customer feedback and suggestions are readily sought for improvement.

4.0 Marketing Expenditure

This section will provide information on budget expenditure for the current and previous financial years

4.1 Marketing Budget Compared by Year

Expenses	T-2	T-1	Current (T)
Magazine advertising			
mX	\$6,000	\$7,000	\$10,000
Other	\$2,000	\$2,000	\$3,000
Reviews in mX			
Press releases	\$1,000	\$1,000	\$1,500
Promotional lunches	\$1,000	\$1,000	\$1,500
Direct mail			
Monthly flyers	\$5,000	\$5,000	\$7,000
Specific campaigns or promotions	\$3,000	\$3,000	\$5,000
Online presence			
Website maintenance and review	Nil	\$3,000	\$5,000
Development of online promotional content	Nil	\$3,000	\$5,000
Social networking initiatives	Nil	\$3,000	\$5,000
Research			
Purchased market research	\$2,000	\$2,000	\$3,000
Marketing research carried out by Action Marketing	\$5,000	\$5,000	\$7,000
Marketing research carried out by CoffeeVille	\$5,000	\$5,000	\$7,000
Total	\$30,000	\$40,000	\$60,000

5.0 Controls

5.1 Implementation Milestones

The following milestones identify the key marketing activities.

Milestones

Emma Belcastran will manage most marketing activities. Rufus Belcastran will manage market and marketing research and liaise with Action Marketing.

Activities	Timeline	Responsible
Promotional campaigns and activity		
Marketing plan completion	June	Rufus Belcastran/ Emma Belcastran
Weekly magazine advertising	Thursdays weekly; for following week	Emma Belcastran
Monthly direct mail (DM)	1 st Monday of each month	Emma Belcastran
DM campaign 1	1/7	Emma Belcastran
DM campaign 2	2/2	Emma Belcastran
Website maintenance	Daily	Emma Belcastran
Website content update in line with current campaigns and offerings	Daily	Emma Belcastran
Facebook campaign 1	1/7	Emma Belcastran
Facebook campaign 2	2/2	Emma Belcastran
Market/marketing research		
Customer surveys and analysis	Quarterly	Rufus Belcastran
Yearly market research update	June of each year	Action Marketing
Sales analysis	Quarterly	Action Marketing

5.2 Contingency Planning

Identified risk	Likelihood	Severity	Mitigation strategy
Problems generating visibility	low	moderate	<p>Continuous implementation of marketing strategy.</p> <p>Continuous monitoring of foot traffic/revenue.</p> <p>Continuous monitoring of market/marketing research.</p>
Aggressive sales tactics by competitors	high	high	<p>Continuous implementation of marketing strategy to highlight key points of difference between us and competitors.</p> <p>Continuous monitoring of competitors campaigns.</p> <p>Increased frequency of promotional campaigns.</p> <p>Selective discounting.</p>
Difficulty sourcing or training skilled and experienced staff	moderate	high	<p>Targeted advertising in trade magazines and online.</p> <p>Promotional focus on training and development opportunities.</p> <p>Regular training for existing staff.</p> <p>Investigation of competitor wages and seek to match or better if viable from budgetary perspective.</p>
Emergence of a competitor within very close proximity	high	high	<p>Continuous implementation of marketing strategy to highlight key points of difference between us and competitors.</p> <p>Continuous monitoring of competitors campaigns.</p> <p>Increased frequency of promotional campaigns.</p> <p>Selective discounting.</p> <p>Adjustment of marketing strategy to ensure differentiation and appropriate positioning of CoffeeVille in order to compete effectively.</p>