

Marketing Plan Guidance

Think of an existing product or, think of a new or modification of an existing product. Before starting on your written plan, you should think about the following questions:

1. What is the product or service you are selling?
2. Who is your market that will buy the product or service?
3. What need does the above market have for your product or service?
4. What is the basic message that you would like to send to this market in regards to your product?
5. What is the best way of getting in contact with your projected market? (i.e.- T.V, Radio, Print, Online)

After answering the above questions you will be ready to start on your marketing plan. When answering question five keep in mind your budget limitations. Follow the template below using your answers to the above questions as a guide.

Executive Summary

The Executive Summary can be taken straight from the business plan or it can be newly written for the marketing plan. Below is a suggested list of things to be included.

Description of the Company

The description of the company should include a brief summary of the company including when it was founded and some general details about your company. It should not be more than about 10 lines and should not go into too much detail about the company's mission or products and services as this comes later in the Executive Summary.

Mission Statement

This should not be anything new and should be taken directly from the Business Plan. Most companies have mission statements from day one and this should be included on all marketing plans.

Products and Services

The information in this category could vary depending on the purpose of the plan. If this is a company wide marketing plan, then all products and services should be listed briefly giving a good description of what each of them can provide. If this marketing plan were specific to a product, then a description in more detail would better suit the marketing plan.

Financial Feasibility

This section should also come straight from the business plan and give a brief description of the financial outlook of the company and what effects may arise if the marketing is not successful. You should not discuss financial plans for the marketing program in this section of the document.

Strategic Focus and Plan

Mission/ Vision

Not to be confused with the Company Mission, this statement is what you would like to get out of the marketing plan. If this is a marketing plan for a single product, then this statement should state what your company expects out of the product and they plan to achieve this.

Objectives

The objectives of the marketing for the particular product, service or company should be outlined in this section. If one of the objectives is to make 50,000 people aware of your new product then this is something that should be included in your objectives. You can also include company objectives in this section if they are directly affected by your marketing. For instance, if your goal is to make one million dollars in sales the first year, then this is an objective that comes in direct contact with the marketing program.

Competitive Environment

Here is where you need to outline the competitive environment of your market. This would include any competitors whether they are in direct or indirect competition.

SWOT Analysis

The SWOT analysis goes here.

Competitive Analysis

This section differs from the competitive environment as it describes more in-depth how you plan to effectively market against the competition. This section should outline direct competition's weaknesses and how you plan to capitalize on these weaknesses to grab the market share.

Market Product Focus

Marketing Objectives

These objectives can work in two different ways depending on what type of marketing plan you are writing. If you are writing a company wide marketing plan, then this section would outline all of the objectives you wish to attain through your marketing program. They should be listed in a number format along with a detailed description of how you wish to accomplish these objectives.

If the plans were being created on an individual product/service basis then the marketing objectives would be what the company expects to gain from this product/service. Once again, objectives should be listed in a number format with a detailed description of how this products/services marketing will tie in with the marketing of the program and how this will be accomplished.

Target Markets

This section will define in detail the market in which you will be marketing your product. It should be described in detail, and should outline how you conclude that this is the right market for your product/service. You should also state why this market is going to use your product, and show what research has been conducted to come to this conclusion.

Marketing Program

Product Strategy

The product strategy should give a detailed description of what your product(s) are and how they are going to benefit your company. Describe in detail what your product is and what strategies you have to make it beat out your competitors.

Price Strategy

The price strategy is where you will describe your key pricing issues. It is a good idea to state whether you are taking the high cost-low turnover method or the low cost/high turnover method. If you think your key selling point is going to be the price, then explain that here. If you are taking the low cost/high turnover approach then explain how your company will succeed with the low profit-margin on each product. Be sure to include rough estimates of profit-margins, manufacturing costs and end consumer prices.

Promotion Strategy

The promotion strategy is one of the most important sections of the marketing plan. This is where it can make or break a marketing program. This section should include advertising strategies you plan to engage in, any marketing strategies for your products such as attending trade shows, conferences etc. Also you should explain what message you want to promote in all of the items mentioned above. You should send the same message through all channels of communication.

Service

Service should be described in terms of how service will add value to the product. This section should include service strategies (e.g., from the service quality model).

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1.0 Executive Summary

The goal of this marketing plan is to outline the strategies, tactics, and programs that will make the sales goals outlined in the E-Cafe' business plan a reality in the year 2005.

E-Cafe', unlike a typical cafe, provides a unique forum for communication and entertainment through the medium of the Internet. E-Cafe' is the answer to an increasing demand. The public wants: (1) access to the methods of communication and volumes of information now available on the Internet, and (2) a place to socialize and share these experiences with friends and colleagues.

Marketing will play a vital role in the success of E-Cafe'. E-Cafe' must build a brand around the services it offers by heavily promoting itself through local television, radio, and print advertising. Marketing efforts are just beginning by the time a potential customer enters E-Cafe' for the first time. A strong emphasis will be put on keeping customers and building brand loyalty through programs focused on staffing, experience, and customer satisfaction.

Our target markets include:

- Students from nearby housing centers.
- Business people from the downtown business centers and professional buildings.
- Seniors from nearby retirement facilities.

2.0 Situation Analysis

E-Cafe' just opened its doors for business a month ago. Business is good, and customers have been impressed with our offerings, but we need to focus our efforts on implementing the strategies, programs, and tactics outlined in the original business plan.

Differentiating ourselves from other more traditional cafes has given us the ability to effectively compete with the already entrenched competition. Sales are brisk and in-line with projections.

The Internet services side of the business is rapidly being accepted by the local community. Memberships are meeting the projections outlined in the business plan, and sales of Internet services are meeting the goals forecast. Students love to gather for late-night sessions and business people stop by for a quick bite and an email check.

2.1 Market Summary

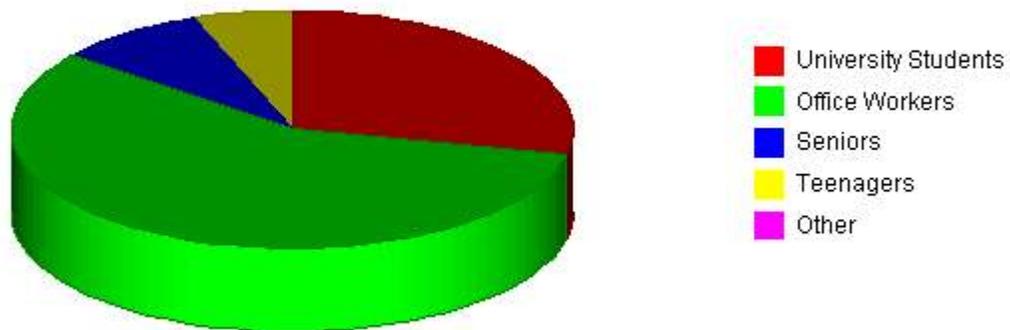
E-Cafe' is the first-mover in the local cyber-cafe market. The consistent popularity of coffee and the Internet each has proven to be a winning concept in other markets.

All three target markets for the E-Cafe' service are growing at a relatively fast pace. We're faced with a large number of potential customers, and we're offering a needed service.

Target Market Growth:

- University students continue to grow at a steady pace, at nearly 4%
- Office workers in the downtown area continue to add value, growing at 3%
- Seniors are becoming an important part of downtown business, growing at 6%
- Teens continue to play a major role in downtown foot-traffic, growing at 2%

Target Markets



2.1.1 Market Demographics

E-Cafe''s customers can be divided into two groups. The first group desires a progressive and inviting atmosphere where they can get out of their offices or homes to

enjoy a great cup of coffee and Internet access. This group is made up of students and business people from nearby downtown offices and professional centers.

The second group is not as familiar with the Internet. This group is made up of seniors from the downtown retirement centers. There are three large retirement centers in the downtown area, and currently none of them offer Internet access to their residents. Seniors represent a growing segment of Internet users. They use the Internet to communicate with friends and family and they will be regular users of the E-Cafe' service.

Market Analysis							
Potential Customers	Growth	2004	2005	2006	2007	2008	CAGR
University Students	4%	10,000	10,400	10,816	11,249	11,699	4.00%
Office Workers	3%	20,000	20,600	21,218	21,855	22,511	3.00%
Seniors	6%	3,000	3,180	3,371	3,573	3,787	6.00%
Teenagers	2%	2,000	2,040	2,081	2,123	2,165	2.00%
Other	0%	0	0	0	0	0	0.00%
Total	3.50%	35,000	36,220	37,486	38,800	40,162	3.50%

2.1.2 Market Needs

Factors, such as addiction, and historical sales data ensure that the high demand for coffee will remain constant over the next five years.

The potential growth of the Internet is enormous, to the point where one day, a computer terminal with an online connection will be as common and necessary as a telephone or toilet. Initially, E-Cafe' will hold a 100 percent share of the cyber-cafe market locally. In the next five years, competitors will enter the market. E-Cafe' has set a goal to consistently maintain a market share of greater than fifty percent.

2.1.3 Market Trends

The Internet has become a point of conversation in almost all social groups. People are talking about sites they visited, business people are talking about Internet-based businesses, and kids are talking about the latest Internet clubs and chat rooms. People like to communicate their Internet experiences with their friends, colleagues, and family. However, it can be difficult to do it in front of a computer terminal at the office or in the family study. A comfortable place to gather and share these experiences is becoming a real need.

E-Cafe' will provide:

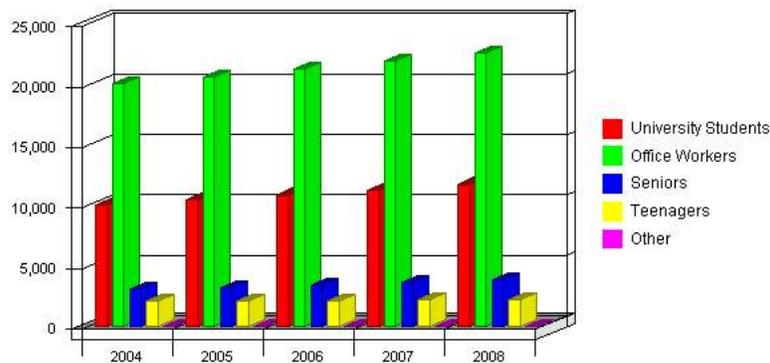
- A meeting place for business people interested in sharing their Internet-based business ideas.

- A social hub for students and young people interested in sharing a beverage and their Internet experiences with friends.
- A place for nearby seniors to gather and learn about the powers of the Internet and better communication methods.
- A stopping point for travelers in need of an Internet connection.

A market survey was conducted in the Spring of 2004. Key questions were asked of fifty potential customers. Some key findings include:

- 35 subjects said they would be willing to pay for access to the Internet.
- \$2.50 an hour was the most popular hourly Internet fee.
- 24 subjects use the Internet to communicate with others on a regular basis.

Market Forecast

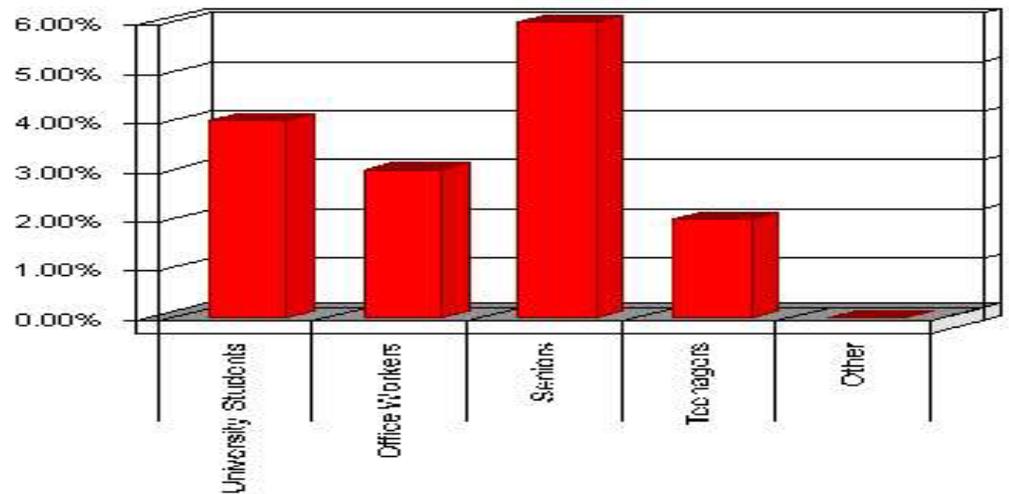


2.1.4 Market Growth

The market for the services E-Cafe' will offer is growing rapidly. Large cities that cater to large numbers of traveling business people and tourists have been saturated with businesses offering the services E-Cafe' will offer. Our area supports a population that has many of the same needs and interests of this growing group.

The student population continues to grow as the University grows in popularity with high-school graduates from out of state. Business in the downtown area is on the rise with the coming completion of the renovated Fifth Street Market and the new tech facility.

Target Market Growth



2.2 SWOT Analysis

The SWOT analysis provides us with an opportunity to examine the internal strengths and weaknesses E-Cafe' must address. It also allows us to examine the opportunities presented to E-Cafe' as well as potential threats.

E-Cafe' has a valuable inventory of **strengths** that will help it succeed. These strengths include: a knowledgeable and friendly staff, state-of-the-art computer hardware, and a clear vision of the market need. Strengths are valuable, but it is also important to realize the **weaknesses** E-Cafe' must address. These weaknesses include: a dependence on quickly changing technology, and the cost factor associated with keeping state-of-the art computer hardware.

E-Cafe''s strengths will help it capitalize on emerging opportunities. These **opportunities** include, but are not limited to, a growing population of daily Internet users, and the growing social bonds fostered by the new Internet communities. **Threats** that E-Cafe' should be aware of include, the rapidly falling cost of Internet access, and emerging local competitors.

2.2.1 Strengths

1. **Knowledgeable and friendly staff.** E-Cafe' finds people with a passion for teaching and sharing their Internet experiences. Our staff is both knowledgeable and eager to please.
2. **State-of-the art equipment.** Part of the E-Cafe' experience includes access to state-of-the-art computer equipment. Our customers enjoy beautiful flat-screen displays, fast machines, and high-quality printers.
3. **Up-scale ambiance.** High backed mahogany booths with flat-screen monitors inset into the walls provide a cozy hideaway for meetings and small friendly

gatherings. Large round tables with displays viewable from above provide a forum for larger gatherings and friendly "how-to" classes on the Internet. Aluminum track lighting and art from local artists sets the mood. Last, but not least, quality cappuccino machines and a glass pastry display case provide enticing refreshments.

4. **Clear vision of the market need.** We know the customers, we know the technology, and we know how to build the service that will bring the two together.

2.2.2 Weaknesses

1. **A dependence on quickly changing technology.** E-Cafe' is a place for people to experience the technology of the Internet. The technology that is the Internet changes rapidly. Product lifecycles are measured in weeks, not months. E-Cafe' needs to keep up with the technology because a lot of the E-Cafe' experience is technology.
2. **Cost factor associated with keeping state-of-the-art hardware.** Keeping up with the technology of the Internet is an expensive undertaking. E-Cafe' needs to balance technology needs with the other needs of the business. One aspect of the business can't be sacrificed for the other.

2.2.3 Opportunities

1. **Growing population of daily Internet users.** The importance of the Internet almost equals that of the telephone. As the population of daily Internet users increases, so will the need for the services E-Cafe' offers.
2. **Social bonds fostered by the new Internet communities.** The Internet is bringing people from across the world together unlike any other communication medium. E-Cafe' will capitalize on this social trend by providing a place for smaller and local Internet communities to meet in person. E-Cafe' will grow some of these communities on its own by establishing chat areas and community programs. These programs will be designed to build customer loyalty.

2.2.4 Threats

1. **Rapidly falling cost of Internet access.** The cost of access to the Internet for home users is dropping rapidly. Internet access may become so cheap and affordable that nobody will be willing to pay for access to it. E-Cafe' is aware of this threat and will closely monitor pricing.
2. **Emerging local competitors.** Currently, E-Cafe' is enjoying a first-mover advantage in the local cyber-cafe market. However, additional competitors are on the horizon, and we need to be prepared for their entry into the market. Many of our programs will be designed to build customer loyalty, and it is our hope that our quality service and up-scale ambiance won't be easily duplicated.

2.3 Competition

The dual product/service nature of E-Cafe's business faces competition on two levels. E-Cafe' competes not only with coffee retailers, but also with Internet service providers. The good news is that E-Cafe' does not currently face any direct competition from other cyber cafes in the local market. There are a total of three cyber cafes in the state: one located in Portland and two in Ashland.

Heavy competition between coffee retailers creates an industry where all firms face the same costs. There is a positive relationship between price and quality of coffee. Some coffees retail at \$8/pound, while other more exotic beans may sell for as high as \$16/pound. Wholesalers sell beans to retailers at an average of a 50% discount. For example, a pound of Sumatra beans wholesales for \$6.95 and retails for \$13.95. And as in most industries, price decreases as volume increases.

2.4 Services

E-Cafe' will provide its customers with full access to the Internet and common computer programs and equipment. Some of the Internet and computing services available to E-Cafe' customers are listed below:

- Access to external POP3 email accounts.
- Customers can sign up for a E-Cafe' email account. This account will be managed by E-Cafe' servers and accessible from computer systems outside the E-Cafe' network.
- FTP, Telnet, Gopher, and other popular Internet utilities will be available.
- Access to Netscape or Internet Explorer browsers.
- Access to laser and color printing.
- Access to popular software applications, like Adobe Photoshop and Microsoft Word.

E-Cafe' will also provide its customers with access to introductory Internet and email classes. These classes will be held in the afternoon and late in the evening. By providing these classes, E-Cafe' will build a client base familiar with its services. The computers, Internet access, and classes wouldn't mean half as much if taken out of the environment E-Cafe' will provide. Good coffee, specialty drinks, bakery goods, and a comfortable environment will provide E-Cafe' customers with a home away from home; a place to enjoy the benefits of computing in a comfortable and well-kept environment.

2.5 Keys to Success

The keys to the success for E-Cafe' are:

- The creation of a unique, innovative, upscale atmosphere that will differentiate E-Cafe' from other local coffee shops and future Internet cafes.
- The establishment of E-Cafe' as a community hub for socialization and entertainment.

- The creation of an environment that won't intimidate the novice user. E-Cafe' will position itself as an educational resource for individuals wishing to learn about the benefits the Internet has to offer.
- Great coffee and bakery items.

2.6 Critical Issues

The risks involved for E-Cafe' are:

- Will there be a continuing demand for the services offered by E-Cafe'?
- Will the popularity of the Internet continue to grow, or is the Internet a fad?
- Will individuals be willing to pay for the services E-Cafe' offers?
- Will the cost of accessing the Internet from home drop so significantly that there will not be a market for Internet Cafes such as E-Cafe'?

2.7 Macroenvironment

The retail coffee industry in this area experienced rapid growth at the beginning of the decade and is now moving into the mature stage of its life cycle. Many factors contribute to the large demand for good coffee: The student population at the University is a main source of demand for coffee retailers, the cold and damp climate is extremely conducive to coffee consumption, and current trends in the Northwest reflect the popularity of quality coffee and specialty drinks.

The popularity of the Internet is growing exponentially. Those who are familiar with the information superhighway are well aware of how fun and addicting surfing the Internet can be. Those who have not yet experienced the Internet need a convenient, relaxed atmosphere where they can feel comfortable learning about and utilizing the current technologies. E-Cafe' seeks to provide its customers with affordable Internet access in an innovative and supportive environment.

3.0 Marketing Strategy

E-Cafe' has three main strategies. The first strategy focuses on attracting novice Internet users. By providing a novice-friendly environment, E-Cafe' hopes to educate and train a loyal customer base.

The second and most important strategy focuses on pulling in power Internet users. Power Internet users are extremely familiar with the Internet and its offerings. This group of customers serves an important function at E-Cafe'. Power users have knowledge and web-browsing experience that novice Internet users find attractive and exciting.

The third strategy focuses on building a social environment for E-Cafe' customers. A social environment that provides entertainment will serve to attract customers that are not frequently using the Internet. Once on location at E-Cafe', these customers that

came for the more standard entertainment offerings, will realize the value the Internet can provide.

3.1 Mission

E-Cafe' has one purpose.

E-Cafe' provides communities with the ability to access the Internet, enjoy a cup of coffee, and share Internet experiences in a comfortable environment.

E-Cafe''s marketing will consistently build on this mission. Everything we do, from the pricing structure for our services to the ambiance we create, must be done with this mission in mind. We cater to: downtown business people, traveling business people, university students, and seniors. Our ambiance and our services are designed for this clientele and our marketing efforts are focused on capturing this market.

3.2 Marketing Objectives

E-Cafe''s marketing objectives for the first three years of operation include:

- Grow total sales by 10% annually.
- Diversify the service offering to insulate the business against fluctuations in any one component of the revenue stream.
- Build customer loyalty through educational programs.
- Maintain a staff of enthusiastic employees excited to share their Internet knowledge with E-Cafe' customers.
- Build the E-Cafe' brand to the point where it becomes a household word in the area.

3.3 Financial Objectives

The goal of this marketing plan is to outline the marketing strategies, tactics, and programs that will make the vision outlined in the E-Cafe' business plan a reality in the year 2005. The vision outlined in the business plan includes sales of roughly \$275,000 in the first year with that figure increasing 10% annually.

3.4 Target Marketing

E-Cafe' intends to cater both to people who want a guided tour of the Internet and to experienced users eager to indulge their passion for computers in a social setting. Furthermore, E-Cafe' will be a magnet for local and traveling professionals who desire to work or check their email messages in a friendly atmosphere. These professionals will either use E-Cafe''s PCs, or plug their own notebook computers into Internet connections. E-Cafe''s target market covers a wide range of ages: from members of "Generation X," who grew up surrounded by computers, to seniors from local retirement centers.

Our primary target markets include:

- **Students.** The large student population will become an important part of the E-Cafe' customer base. The student population continues to grow with the success of the University. Evening entertainment, access to the Internet, and the up-scale ambiance will attract this demographic.
- **Business people.** The downtown business community is growing rapidly with the addition of a new Compu-tech building and a flurry of new professional centers. E-Cafe' will provide a perfect setting for business meetings. It will also give traveling business people an opportunity to plug their laptops into the E-Cafe' network to check email communications.
- **Seniors.** Represent a growing population of Internet users. E-Cafe' will target the seniors in the nearby downtown retirement centers by offering "Introduction to the Internet" classes. The E-Cafe' staff will hold brief classes in the off hours to educate seniors on how to use the Internet to communicate with friends and family. This will build a regular base of customers that wouldn't typically use the services offered by E-Cafe'.

3.5 Positioning

E-Cafe' will position itself as an upscale coffee house and Internet service provider. Business people of all types will use E-Cafe' as a place to hold meetings and catch-up on email communications. Students from nearby downtown housing centers will use E-Cafe' as a place to socialize and discuss the latest Internet sites. Seniors from downtown retirement centers will experience the Internet for the first time at E-Cafe'. Programs designed to teach newcomers about the power of the Internet will help build customer loyalty and spread the word about the services E-Cafe' offers.

3.6 Strategy Pyramids

The following are the three key strategies E-Cafe' will focus on:

E-Cafe''s first strategy focuses on attracting novice Internet users. E-Cafe' plans on attracting these customers by:

- Providing a novice-friendly environment. E-Cafe' will be staffed by knowledgeable employees focused on serving the customer's needs.
- A Customer Service desk will always be staffed. If a customer has any type of question or concern, a E-Cafe' employee will always be available to assist.
- E-Cafe' will offer introductory classes on the Internet and email. These classes will be designed to help novice users familiarize themselves with these key tools and the E-Cafe' computer systems.

E-Cafe''s second strategy will be focused on attracting power Internet users who will provide an important function at E-Cafe'. E-Cafe' plans on attracting this type of customer by:

- Providing the latest in computing technology.
- Providing scanning and printing services.
- Providing access to powerful software applications.

The third strategy focuses on building a social environment for E-Cafe' customers. A social environment that provides entertainment will serve to attract customers that wouldn't normally think about using the Internet. Once on location at E-Cafe', these customers that came for the more standard entertainment offerings will realize the potential entertainment value the Internet can provide.

3.7 Marketing Mix

E-Cafe''s marketing efforts will focus on building a loyal base of customers that will use the services provided on an almost daily basis.

3.7.1 Services and Service Marketing

As the popularity of the Internet continues to grow at an exponential rate, easy and affordable access to the information superhighway is quickly becoming a necessity of life. E-Cafe' provides the local community with the ability to access the Internet, enjoy a cup of coffee, and share Internet experiences in a comfortable environment. People of all ages and backgrounds will come to enjoy the unique, upscale, educational, and innovative environment that E-Cafe' provides.

3.7.2 Pricing

E-Cafe' bases its prices for coffee and specialty drinks on the "Retail Profit Analysis" provided by our supplier, Brothers Coffee Co., Inc. Brothers has been in the coffee business for 22 years and has developed a solid pricing strategy.

Determining a fair market, hourly price for online use is more difficult because there is no direct competition from another cyber-cafe in our area. Therefore, E-Cafe' considered three sources to determine the hourly charge rate. First, we considered the cost to use other Internet servers, whether it is a local networking firm or a provider such as America Online. Internet access providers use different pricing schemes. Some charge a monthly fee, while others charge an hourly fee. In addition, some providers use a strategy with a combination of both pricing schemes. Thus, it can quickly become a high monthly cost for the individual. Second, E-Cafe' looked at how cyber-cafes in other markets such as Portland and Ashland went about pricing Internet access. Third, E-Cafe' used the market survey conducted in the Fall of 1998. Evaluating these three factors resulted in E-Cafe''s hourly price of \$2.50.

3.7.3 Promotion

E-Cafe' will spend almost fifty thousand dollars in its first year of operations to build a brand and a loyal customer base. Marketing efforts will be focused on the local market,

and the campaign will run the entirety of 2005, increasing roughly 10% per year to match increased sales revenue. The marketing budget will consistently equal almost 20% of sales.

A Few Specific Marketing Efforts:

- Local TV spots
- Print Materials
- Local Newspapers
- Local Radio Spots
- E-Cafe' Events

3.7.4 Service

This topic is a critical reminder of the fact that E-Cafe' is a service business. The success of our business depends upon the quality of the service we offer and delivering that service consistently. E-Cafe' is dedicated to delivering this quality service.

Dedicated to Quality Service Programs:

- We've gone to great lengths at E-Cafe' to find people with a passion for teaching and sharing their Internet experiences. Our staff is both knowledgeable and eager to please. An excess of staff members will consistently be on hand to provide service to E-Cafe' customers. Performance will be frequently evaluated both internally and through customer surveys.
- A highly valued member of the E-Cafe' staff will be the "Customer Happiness Representative." This individual will be available forty hours a week to monitor the level of happiness amongst E-Cafe' customers. This individual will be responsible for: developing customer satisfaction programs, monitoring happiness levels, responding to customer concerns, and the general well being of every E-Cafe' customer.

3.8 Marketing Research

In 2004, a market survey was conducted to help evaluate the business viability prior to its inception. The survey was a valuable resource for establishing pricing and market needs. We will continue to conduct a survey of our customers and potential customers on an annual basis. Survey results will be used to create new marketing programs and monitor the performance of current marketing programs.

4.0 Financials, Budgets, and Forecasts

The marketing plan is built on these truths:

1. The marketing budget is based on a percentage of sales value. Currently, that value is set at 20%.

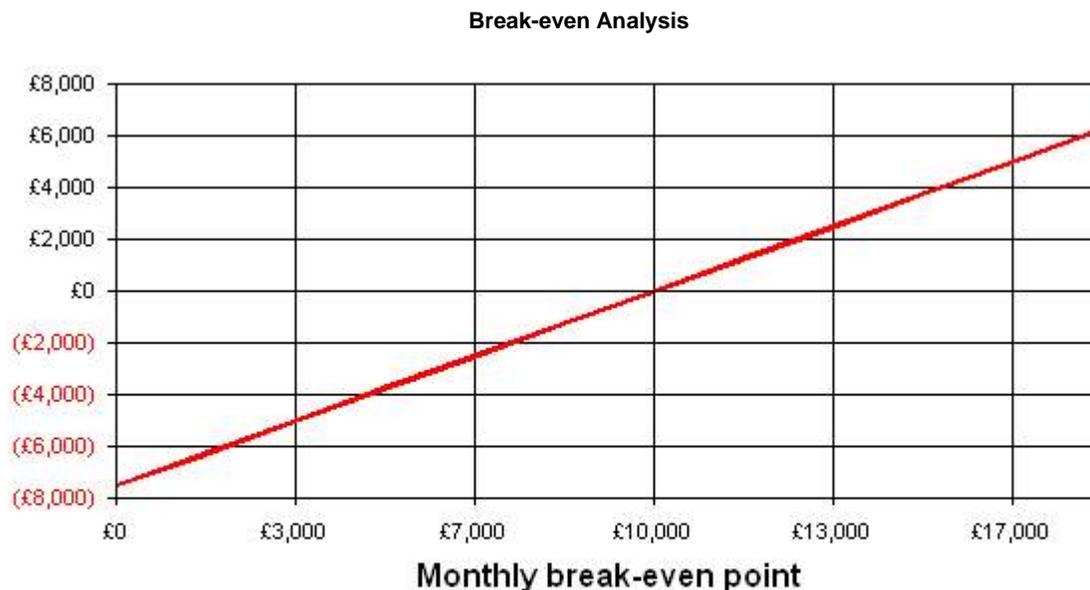
2. Building a strong brand and brand loyalty is critical to the success of E-Cafe'.
3. Marketing is a critical component of the E-Cafe' business plan.
4. The relationship between marketing dollars spent and revenues generated is positive only to a certain point. We don't feel that a marketing budget based on 20% of sales is close to that point where additional marketing dollars spent won't create additional revenue. If we can manage, we plan to spend more than 20% of sales on marketing in future years. However, we want to keep this relationship in mind as we consider spending more on marketing efforts.
5. Our understanding of the need for strong branding and emphasis on marketing gives us a competitive edge over other cafes in our area and potential competitors.

4.1 Break-even Analysis

E-Cafe' is operating in an industry capable of supporting high gross margins. Variable costs in relationship to per-unit revenues are low. Variable costs are equal to roughly 25% of per-units revenues. It is our hope that as we move into the future and continue to build relationships with our suppliers, this value will decrease further, approaching a value of 20%.

Fixed costs for E-Cafe' equal almost \$7,500. Fixed costs include: payment of debt, facility lease costs, hardware costs, and other costs E-Cafe' must maintain on a monthly basis. These costs are fixed and aren't impacted by an increase or a decrease in sales.

Currently, E-Cafe' will break even at a monthly sales point of \$10,000.



Break-even point = where line intersects with 0

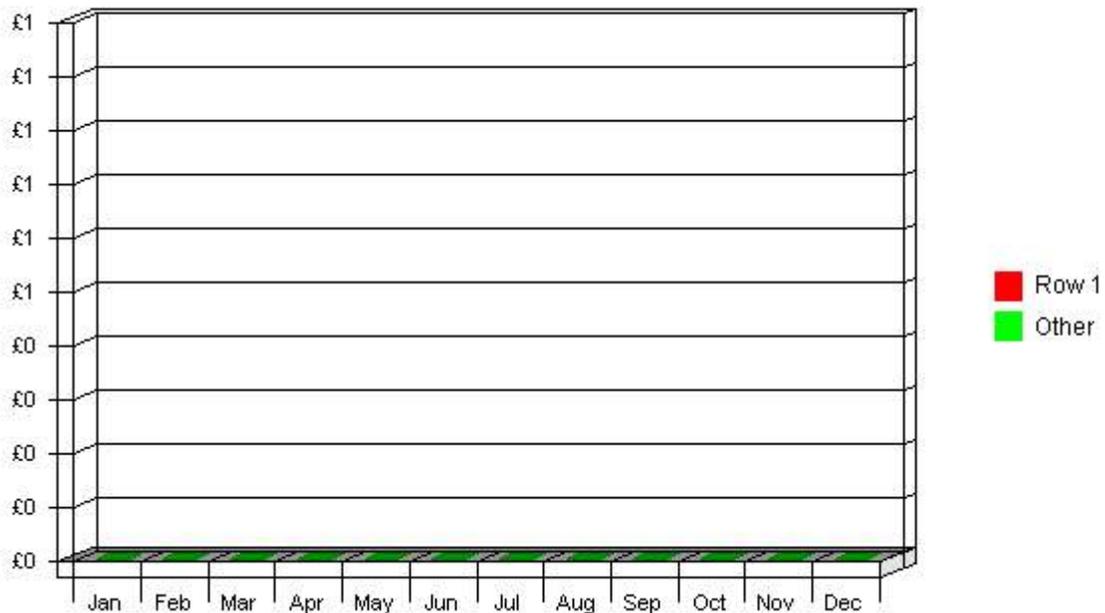
Break-even Analysis:	
Monthly Units Break-even	2,986
Monthly Revenue Break-even	10,002

Assumptions:	
Average Per-Unit Revenue	3.35
Average Per-Unit Variable Cost	0.84
Estimated Monthly Fixed Cost	7,500

4.2 Sales Forecast

Revenues for the first year of operation are based on an almost 10% growth rate from month to month. This is an aggressive estimate, but we feel that our strong emphasis on marketing will have positive results. Annually, beyond the first year of operations, we're predicting a growth rate of roughly 10%. The plan will be updated as we receive more information.

Monthly Sales Forecast



Sales Forecast			
Sales	2004	2005	2006
Row 1	0	0	0
Other	0	0	0
Total Sales	0	0	0

Direct Cost of Sales			
	2004	2005	2006
Row 1	0	0	0

Other	0	0	0
Subtotal Direct Cost of Sales	0	0	0

4.3 Expense Forecast

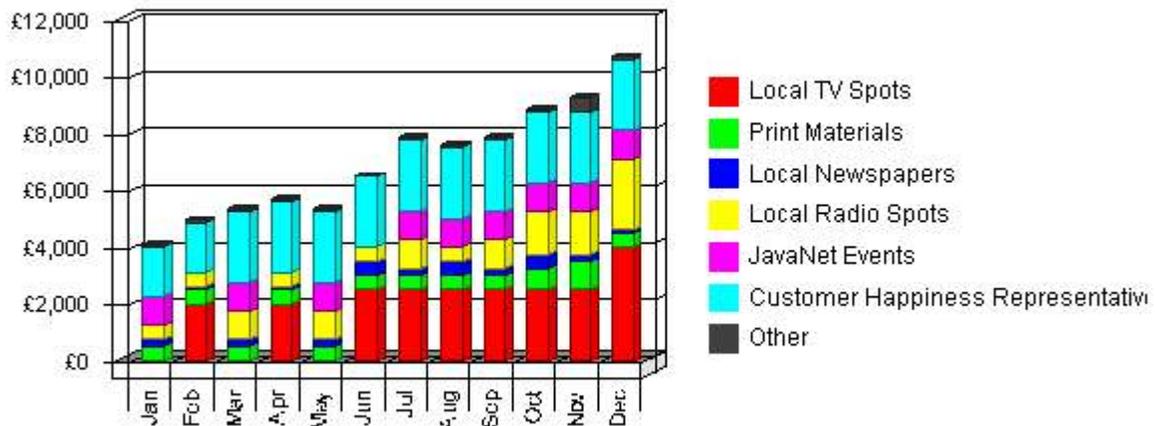
The marketing budget will consistently equal approximately 20% of sales. One of our strongest strengths is our marketing and brand building capabilities, and the aggressive marketing budget is a reflection of the importance we attribute to our marketing activities.

Currently, the marketing budget beyond year one remains set at 20% of sales. It is our hope to increase this budget should sales and efficiencies of scale allow us to do so.

Explanation of Major Marketing Expenses:

- **Local TV spots...** In our first year of operations, we will spend \$23,000 on TV spots. TV spots allow us to reach a large audience and effectively target our market.
- **Print Materials...** Print materials always require a significant budget. They include: flyers, literature distributed internally, novelties for customers, coupons, and anything else we can squeeze into this budget.
- **Local Newspapers...** An important part of our marketing efforts. Newspapers ads will give us a vehicle for consistently getting our message/brand in front of a large number of potential customers. We believe this vehicle will get our message to seniors, which make up a large portion of our target market. In addition, the business section will provide us with a means for communicating with our business customers.
- **Local Radio Spots...** These are an inexpensive way to secure a large number of daily impressions.
- **E-Cafe' Events...** This will include local radio and TV events where radio and TV stations broadcast from the E-Cafe' site offering freebies to first-time customers for stopping by. E-Cafe' will also run educational programs and community events throughout the year.
- **Customer Happiness Representative...** This employee will monitor the level of happiness amongst E-Cafe' customers. They will be responsible for: developing customer satisfaction programs, monitoring happiness levels, responding to customer concerns, and the general well being of every E-Cafe' customer.

Monthly Expense Budget

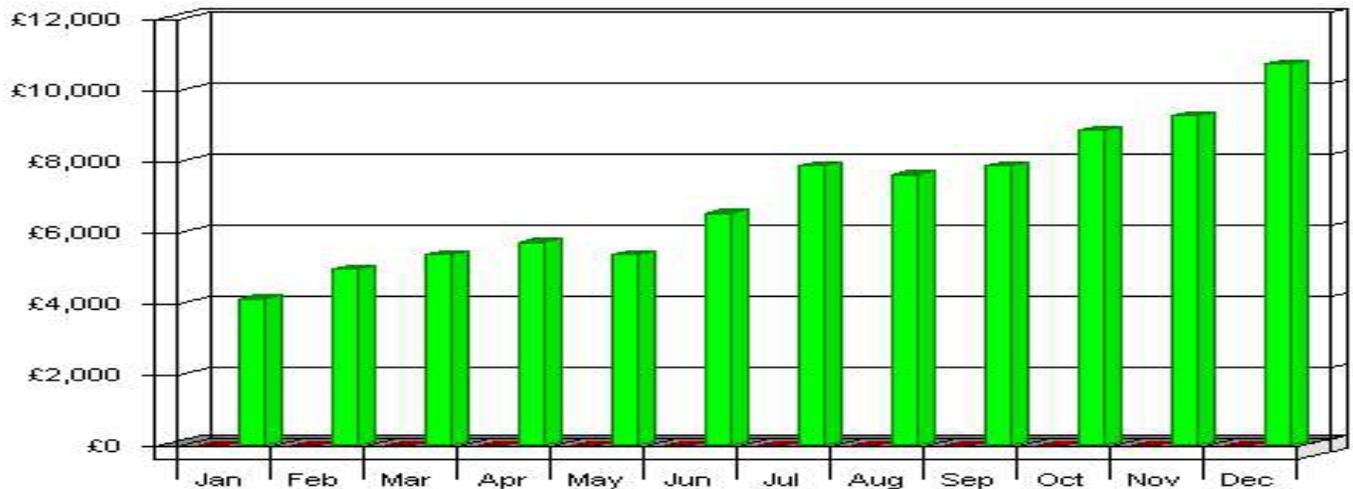


Marketing Expense Budget			
	2004	2005	2006
Local TV Spots	23,000	25,300	27,830
Print Materials	6,750	7,425	8,168
Local Newspapers	3,300	3,630	3,993
Local Radio Spots	12,000	13,200	14,520
E-Cafe' Events	9,000	9,900	10,890
Marketer's Salary	28,500	31,350	34,485
Other	1,500	1,650	1,815
	-----	-----	-----
Total Sales and Marketing Expenses	84,050	92,455	101,701
Percent of Sales	0.00%	0.00%	0.00%

4.4 Linking Sales and Expenses to Strategy

Our marketing expenses are tied directly to our sales revenue. As sales increase, the marketing expenses will increase. Currently our marketing expenses equal roughly 20% of sales, and we hope to increase that value in the future. Our programs will be monitored for efficiency and return on investment. Periodically, we will survey our customers to determine the effectiveness of our programs, and we will adjust the marketing mix appropriately based on our findings.

Sales vs. Expenses Monthly



4.5 Contribution Margin

The Contribution Margin chart and table presents a strong outlook for E-Cafe's first year of operations.

1. Sales increase an average of 10% per month in the first year.
2. Contribution margin runs at roughly 50%.
3. The marketing budget is consistently based on 20% of total revenue.
4. A strong focus on local TV and radio is apparent in the expense breakdown.
5. The marketing budget is spread evenly throughout the year.

5.0 Controls

The goal of this marketing plan is to outline the strategies, tactics, and programs that will make the sales goals outlined in the E-Cafe' business plan a reality in the year 2000. We have these marketing obstacles to face:

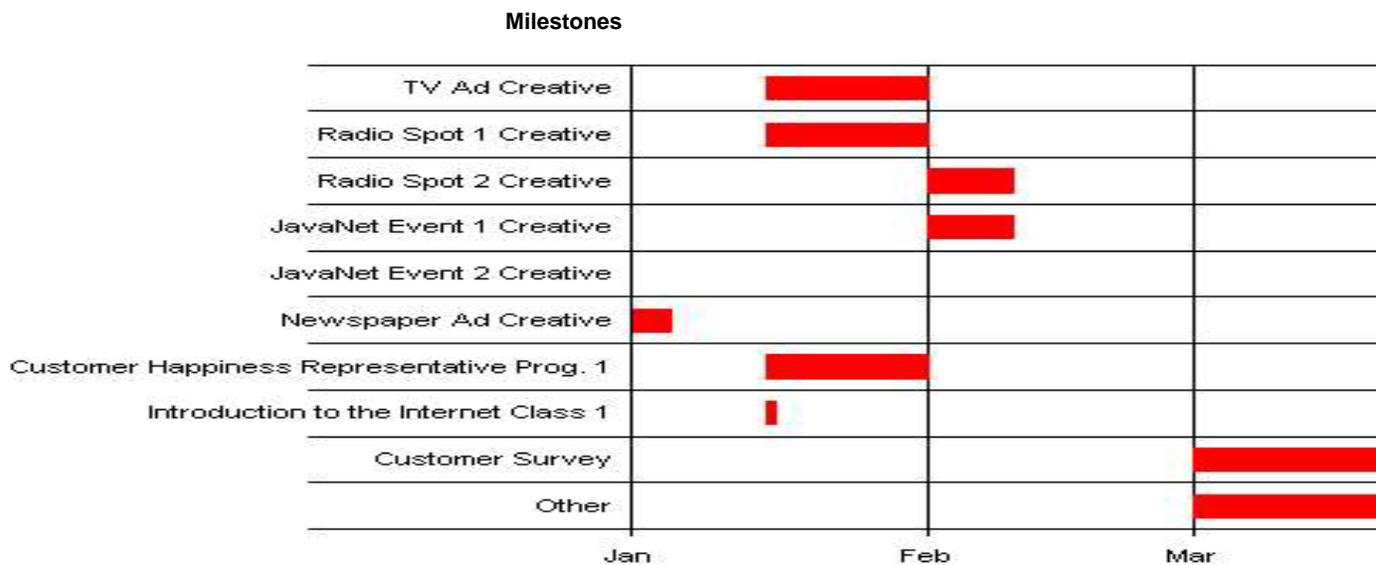
- The creation of a unique, innovative, upscale atmosphere that will differentiate E-Cafe' from other local coffee shops and future Internet cafes.
- The establishment of E-Cafe' as a community hub for socialization and entertainment.
- The creation of an environment that won't intimidate the novice user. E-Cafe' will position itself as an educational resource for individuals wishing to learn about the benefits the Internet has to offer.

Our marketing efforts will be focused on building the image outlined above. We have milestones and sales goals to meet and a business plan outlining our first and second

year of business in detail. It will be critical to use this marketing plan and the E-Cafe' business plan as living/working documents. We can't allow them to sit in a file. They must be used as a map for the future success of E-Cafe'.

5.1 Implementation Milestones

The milestones chart below outlines key dates that the marketing team must meet. The milestones table includes both sales goals and deadlines for major projects that impact the programs outlined in the Marketing Expense Budget. Each milestone is assigned a manager and that manager has ownership of the task and is responsible for its success. We will track our successes and failures by reviewing planned-vs-actual results. Successes and failures will be reviewed and addressed on a quarterly basis.



Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
TV Ad Creative	1/15/1999	2/1/1999	500	ABC	Department
Radio Spot 1 Creative	1/15/1999	2/1/1999	250	ABC	Department
Radio Spot 2 Creative	2/1/1999	2/10/1999	250	ABC	Department
E-Cafe' Event 1 Creative	2/1/1999	2/10/1999	250	ABC	Department
E-Cafe' Event 2 Creative	4/1/1999	4/10/1999	300	ABC	Department
Newspaper Ad Creative	1/1/1999	1/5/1999	75	ABC	Department
Customer	1/15/1999	2/1/1999	500	ABC	Department

Happiness
Representative
Prog. 1

Introduction to the Internet Class 1	1/15/1999	1/16/1999	250	ABC	Department
Customer Survey	3/1/1999	4/1/1999	1,000	ABC	Department
Other	3/1/1999	4/1/1999	0	ABC	Department
Totals			3,375		

5.2 Marketing Organization

The founder of E-Cafe', Chandler Broc, has a BS from the University of Oregon in Marketing and will head the marketing effort.

5.3 Contingency Planning

This marketing plan is just that, a plan. Plans don't always work out and we have to be ready to deal with the likelihood that E-Cafe' will not meet the projections outlined in this plan. We also have to prepare ourselves for overwhelming success.

The following are some possible scenarios:

Revenues exceed projections - A serious increase in revenues over projections will give us an opportunity to increase our marketing budget above the allocated 20%. We will be able to provide more equipment and possibly add an additional location.

Revenues miss projections - If we miss our projections, we have to re-double our marketing efforts. The danger in this scenario is that the first reaction to missed projections is to decrease spending, particularly marketing expenses. Yet, we have to get our message out to the target market. Additional capital infusions may become necessary and that possibility is detailed in the business plan.

Internet side of business plays a lesser role - Our customers might not be willing to pay for Internet access or E-Cafe' memberships as Internet access costs and hardware costs continue to fall. If this scenario materializes, we will need to move our focus to beverages and pastry items, perhaps even providing deli-style lunches. Internet services in the scenario would still play an important role in attracting customers; we would have to charge less and move our numbers around to accommodate this trend.