



Ethical Trading Group

# Marketing Plan

## Introduction

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

The Marketing Plan comprises:

-  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 Ethical Trading Group to achieve the company mission and vision.
-  A detailed **Budget** of marketing expenditure for the year (totalling \$388,000 for FY4/FY5, representing a 17% 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. Ethical Trading Group 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, Ethical Trading Group 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

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

- Australian Chamber of Commerce Reports
- market research purchased from creative agency (Action Marketing)
- market research undertaken by Ethical Trading Group and Action Marketing on targeted consumer groups such as:
  - information collected at point of sale
  - interviews
  - surveys.

Ethical Trading Group 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 an Ethical Trading Group customer consists of the following geographic, demographic and behaviour factors:

##### Overview Metropolitan:

- Large percentage of individual store owners and franchisees (80% of daytime trade).
- Area population growing at 8% per year.

##### Geographic:

- Our immediate geographic target is the area within 500 metres of the metropolitan centres.
- The total area population is estimated at 2,388,000.

##### Demographics:

- Male and female
- Ages 34 – 58 which makes up 83% of the daytime market.
- Full-time employment
- Income over \$50,000

### Behaviour factors:

- Retail traders who purchase on trend
- Tend to source boutique and one of a kind items
- Highly socially and environmentally aware
- Value fair trade principles
- Value ethical and sustainable practices

### **2.1.2 Market Needs**

We offer a range of products that are characterised by customisable and quality unsurpassed by any competitors. The basic market need (of our socially aware and environmentally astute clientele) is for high quality niche products, including eatable and non-eatable produce, with creative and socially responsible fair trade principles.

Ethical Trading Group uses local, home-made Prickly Pear Seed Oil, organic produce and dairy for consumables. We source one of a kind unique goods for trade such as recycled homewares, lavender bags, and handmade toys.

Consumers also demand expert and efficient service and socially and environmentally sound business practices.

According to market research, Ethical Trading Group seeks to provide the following benefits to represent value to their customers:

Selection: A choice of popular produce, dairy and non-consumable options.

Accessibility: Targeted street level premises, wheelchair accessible. The patron can gain easy access to the retail outlet with minimal wait.

Customer service: Our customers will be impressed with the speed of product and service delivery.

Competitive and appropriate pricing: All products/services will be competitively priced relative to comparable high quality organic and niche product lines.

Ethical and environmentally responsible business practices: All Ethical Trading Group's products are sourced through fair trade certified suppliers where possible. Fair trade logo used extensively to create awareness of Ethical Trading Group practices. Food products and ingredients are organic and locally sourced as far as possible and labelled to create awareness among customers. Packaging is kept to a minimum. Advertising is done using recyclable material. Triple bottom line reporting is publicised and available to customers.

### **2.1.3 Market Trends**

The market trends for wholesale and retail traders is headed toward the need to cater for a more sophisticated and environmentally and socially-aware customer. Customers are becoming increasingly sophisticated in a number of different ways:

Niche Needs: The preference for high quality niche and one of a kind items is increasing as customers have a wide variety of choice with regard to fair trade products. 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 handmade crafts and food quality and 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 break times for leisure browsing or shopping is reducing customers are becoming more time-pressured, they are learning to appreciate speed of service.

Ethical practices: Customers will actively seek out and patronise companies with credible ethical business practices.

Access to information on products, services, practices and policies: Information is readily available to potential customers through internet sources such as websites.

#### 2.1.4 Market Growth

Consumer research indicates a trend towards a more sophisticated niche product patrons. In fact, over recent years, Australia has developed a reputation for fair trade fanaticism and 'organic snobbery'. This trend, together with the raw growth of population within the geographic area of the Ethical Trading Group retail outlets toward both a growing market for Ethical Trading Group and increasing potential for the company to attract this market with its unique and compelling value proposition. Sales figures indicate considered purchaser traffic is trending upwards as time-poor consumers make decisions prior to sourcing suppliers.

#### 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 Ethical Trading Group'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 Ethical Trading Group to highlight its ethical and responsible approach to business.

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

Finally, Ethical Trading Group anticipates that the Australian Government's focus in future legislative direction will be about growing the economy and skills growth, meaning Ethical Trading Group will be able to promote its approach to training and providing customers with expert service.

### Economic environment

Despite continuing global fallout from the global financial crisis (GFC), Eurozone sovereign debt-related issues and lack-lustre American economic performance, the outlook for the Australian economy as a whole remains cautiously optimistic. Strong financial and mining sectors offset weaker retail and manufacturing performance. The [unemployment rate](#) remains at under 5.8%. Steady or moderately falling interest rates underpin business and consumer confidence. Growth is forecast across the economy at modest rate for Australia at 3.8%

From a consumer and marketing perspective, Ethical Trading Group represents a low-cost and low-risk means to achieve a touch of niche luxury in uncertain economic times. The purchase of fine products is much more affordable than high ticket items such as whitegoods, furniture, and vehicles.

### 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. Ethical Trading Group will endeavour to promote itself as environmentally and socially responsible and conduct business operations accordingly. In this way, Ethical Trading Group 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. Ethical Trading Group has considered the implications for a more technologically minded and oriented customer base, however internally we do not possess the required resources to meet the market demands of social media and mobile activity. Therefore greater emphasis should be placed on our use of our flagship website which has undergone reinvigoration and update of company information and product lines.

## 2.2 SWOT Analysis

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

### Strengths:

- Excellent staff, highly skilled at sourcing niche products and organic food suppliers
- Diverse locations
- High customer loyalty
- Consumable and Non-consumable offerings which exceed competitors' offerings in quality and speed.

### Weaknesses:

- Limited marketing resources to develop marketing strategy, tactics and brand awareness
- Limited internal marketing resources to develop, execute and control marketing and communication strategy and tactics
- High cost of sales associated with choice to provide fair trade and organic food and perishables.

### Opportunities:

- Strong market potential – a significant percentage of the target market still not visiting Ethical Trading Group on a regular basis
- Expansion and franchising
- Expansion Global Markets
- Extension of business hours
- New product lines such as micro-loans, bushfoods etc.

### Threats:

- Competition from local micro-businesses organic service providers
- Uncertainty of worldwide Fair Trade supplies
- Potential shifts in population when buildings or streets are redeveloped.

## 2.3 Competition

The key competitors with Ethical Trading Group are:

- Oxfam: Offers the largest range of Fair Trade products and services ranging from home décor, music and toys, kitchen items, food and drink, fashion, books, cards and wrapping implements. The major competition in our sector.
- Hamlin Fistula Ethiopia (Australia): Offers a diverse range of Fair Trade items ranging from bath salts, handwoven clothing, books, homewares, toys, and food
- Go Fair Trading: Offers a range of artisan and aboriginal felt products, wooden toys, Indian wall hangings, string lanterns and spiritual gift ideas.

- [Siham Craft Link](#): Offers themed decorative homewares, educational resources, fashion accessories, and gift presentations.
- [Samana](#): A wholesaler distributor who offers jewellery, toys, keyrings, accessories, organic foods etc.
- [Sankofa](#): Offers handmade Fair Trade products in textiles, brass, jewellery, kid's toys, and baskets.

## 2.4 Service Offering

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

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

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

## 2.5 Keys to Success

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

Ethical Trading Group 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 Ethical Trading Group 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 Ethical Trading Group brand and within five years, expand to a number of key locations throughout Australia with eyesight set for increasing our global presence.

To this end, the marketing budget has increased to \$388,000 for FY4/FY5, representing a 17%. This money will be spent in targeted campaigns to achieve business and marketing objectives.

### 3.1 Mission

Ethical Trading Group provides a unique and compelling Fair Trade experience for the socially-aware customer. Ethical Trading Group provides:

- high quality, fair trade food and drink products
- high quality fair trade handcrafted items
- high quality fair trade natural
- Consistently high levels of expert and knowledgeable, fast and friendly service.

### 3.2 Marketing Objectives

The Ethical Trading Group marketing objectives are to:

- position Ethical Trading Group as a provider of a environmentally and socially sustainable products within the Fair Trade Framework
- increase foot traffic from 250 to 300 customers per day
- increase brand recognition so that at least eight in ten people within the defined area (500metres) recognise our brand in surveys conducted by Ethical Trading Group and Action Marketing
- establish goodwill within our target market so that at least seven out of ten people within the area 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:

#### **1. Individual take-away**

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 Australian metropolitan areas grow generally and as social trends point to increasing awareness of social/environmental issues and desire for quality non-consumables and food within the area population.

The profile of a customer within this segment is:

- aged between 34 and 58
- regular commuters
- clerical or professional
- income over \$50K
- moderately price-sensitive but may see higher price as an indicator of quality
- sensitive to service and quality
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate and users of online social media
- working in businesses within 500 metres of Ethical Trading Group.

#### **2. Individual Stay-at-Home**

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 stay-at-home, the market size is growing at 5% annually, as outer metropolitan areas grow generally and as social trends point to increasing awareness of social/environmental issues and desire for quality products and services within the area population.

The profile of a customer within this segment is:

- aged between 45 and 65
- irregular metropolitan commuters
- tourist both foreign and domestic locations
- clerical or professional – management holding informal meetings
- income over \$60K
- highly sensitive to service and food quality
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate and users of online social media
- working in businesses within 500 metres of Ethical Trading Group.

### 3.5 Positioning

Ethical Trading Group is a competitively priced supplier. Ethical Trading Group consumers who appreciate high foods and goods will recognise the value and unique offerings of Ethical Trading Group.

#### **Product and Price:**

- Finest organic coffee beans, ground fresh by Ethical Trading Group
- Recycled Homewares handcrafted with love and care
- Prices are competitive but slightly higher than competitors' but such pricing is intended to signify higher quality and brand prestige.

#### **Service:**

- Consistently higher level of fast and friendly service provided by skilled and experienced staff
- Service is a key differentiator of Ethical Trading Group's offering
- All orders are delivered as per customer specifications in line with the Ethical Trading Group market positioning as a premier Fair Trade service.

#### **Ethics:**

- Fair trade principles applied
- Fair Trade organic produce and dairy used
- Environmentally-responsible business
- Uses minimum of non-recyclable packaging.
- Local and organic food and ingredients where possible
- Social and environmental responsibility is a key differentiator of Ethical Trading Group's offering.

### 3.6 Marketing Mix

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

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

#### **Pricing:**

Product Pricing is intended to position Ethical Trading Group as slightly higher priced than its competitors. This pricing strategy is intended to both increase revenue and underpin Ethical Trading Group's message of higher quality.

- Recycled Homewares: \$5 – 50

- Hand made toys: \$10 - 20
- Lavender Bags: \$5 - 10
- Organic Coffee beans: \$60 - 70
- Prickly Pear Seed Oil: \$20 - 40
- Handbags from India: \$20 - 60
- Christmas Hampers: \$10 - 40

### **Place:**

To appeal to segments, particularly the stay-at-home clientele segment, our premises will be clean, functional and stylish that invites them in as they do not travel regularly.

It is expected that 70% of the business will come 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, items of sale.

### **Promotion:**

The core message that Ethical Trading Group will seek to communicate to potential and existing customers is that Ethical Trading Group offers a superior customer experience through products, service values and an environment which appeals to target segments. The basic message will be communicated through a variety of methods which include:

- Advertising in local newspapers and magazines  
A common attribute of all targeted market segments is that they commute on public transports primarily. Ethical Trading Group will therefore place regular advertising in local papers and magazines deemed to have a high number of commuter/other segment attributes.
- Encouraging articles and reviews in papers and magazines  
Ethical Trading Group will attempt to get articles and reviews in local newspapers and magazines. These can include information on our suppliers in the fair Trade framework, ethical business practices, etc. Ethical Trading Group will regularly provide local papers and magazines with press releases to encourage use of our content. In addition, Ethical Trading Group will invite people from local papers and magazines to trial our products and see how it works for them and report on it in their distribution frameworks such as local papers and magazines. Such tactics have proved successful for similar business that have been featured in local papers.
- Direct mail to local businesses  
Ethical Trading Group does direct mail and local advertising to businesses. Direct mail campaigns will be a way to communicate directly with the consumer segments.

Additionally, marketing research undertaken by Ethical Trading Group indicates that the local patrons far prefer to receive information from the in store flyers delivered to their business location.

- Product and Service

Ethical Trading Group will continue to offer the finest fair Trade products. Despite the temptation to lower cost through sourcing lower-quality ingredients, Ethical Trading Group must always ensure the highest possible quality remain consistent within our brand. Word-of-mouth on slipping quality or service standards may severely undermine the marketing strategy.

- People

A key aspect of Ethical Trading Groups marketing strategy is its people. Ethical Trading Group will continue to train its staff so they offer both the service expected by the market and become effective 'goodwill' ambassadors for Ethical Trading Group.

### 3.7 Product Development

As market research discovers unmet customer needs, Ethical Trading Group 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 catalogue items.

### 3.8 Market Research

Access to ongoing market research will be achieved through regular research activities carried out by Action Marketing and Ethical Trading Group. 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	FY2/FY3 = \$	FY3/FY4 = \$	FY4/FY5 = \$
<b>Magazine Advertising</b>			
Local Newspapers	6000	14540	25000
Magazines	2000	4500	18000
<b>Reviews in Local Print Media</b>			
Press releases	1000	5000	15000
Promotional Reviews	1000	5000	15300
<b>Direct Mail</b>			
Monthly flyer	5000	8000	11000
Specific campaigns or promotions	3000	7000	38000
<b>Online presence</b>			
Website maintenance and review	NIL	35000	22000
<b>Research</b>			
Purchased market research planning, and materials	2000	80000	150000
Marketing research carried out by Action Marketing (human capital costs)	5000	100000	50000
Marketing research carried out by Ethical Trading Group	5000	62000	38000
<b>Total</b>	<b>30000</b>	<b>322040</b>	<b>388000</b>

## 5.0 Controls

### 5.1 Implementation Milestones

The following milestones identify the key marketing activities.

#### Milestones

Action Marketing will manage our marketing activities and market research.

Activities	Timeline	Responsible
<b>Promotional campaigns and activity</b>		
Marketing plan completion	June XXXX	Action Marketing
Weekly magazine advertising	Thursdays each week	Action Marketing
Monthly direct mail (DM)	1 <sup>st</sup> Monday of each month	Action Marketing
DM campaign 1	01/07/XX	Action Marketing
DM campaign 2	02/02/XX	Action Marketing
Website maintenance	Daily	Action Marketing
Website content update in line with current campaigns and offerings	Daily	Action Marketing
<b>Market/marketing research</b>		
Customer surveys and analysis	quarterly	Action Marketing
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	<ul style="list-style-type: none"> <li>• Continuous implementation of marketing strategy</li> <li>• Continuous monitoring of foot traffic/revenue</li> <li>• Continuous monitoring of market/marketing research</li> </ul>
Aggressive sales tactics my competitors	High	High	<ul style="list-style-type: none"> <li>• Continuous implementation of marketing strategy to highlight key points of difference between us and competitors</li> <li>• Continuous monitoring of competitors campaigns</li> <li>• Increased frequency of promotional campaigns</li> <li>• Selective discounting</li> </ul>
Difficulty sourcing or training skilled and experienced staff	Moderate	High	<ul style="list-style-type: none"> <li>• Targeted advertising in trade magazines and online</li> <li>• Promotional focus on training and development opportunities</li> <li>• Regular training for existing staff</li> <li>• Investigation of competitor wages and seek to match or better if viable from budgetary perspective</li> </ul>
Emergence of a competitor within very close proximity	High	High	<ul style="list-style-type: none"> <li>• Continuous implementation of marketing strategy to highlight key points of difference between us and competitors</li> <li>• Continuous monitoring of competitor campaigns</li> <li>• Increased frequency of promotional campaigns</li> <li>• Selective discounting</li> <li>• Adjustment of marketing strategy to ensure differentiation and appropriate positioning of Ethical Trading Group in order to complete effectively</li> </ul>