**ANNUAL**

**MARKETING PLAN**



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**EXECUTIVE SUMMARY**

Guided Tours provides tour packages for tourists in the [San Francisco] Bay Area. Tourism is a growing industry in the United States, and while there are numerous guided tours made available in the city, the company wants to focus on the lesser-known spots that show the best of [San Francisco].

The company’s target customers are middle-aged individuals who are less likely to want to go to overcrowded tourist spots and instead opt for the quieter, lesser-known gems in the city. The company will create mid-range to high-priced packages for individuals to see the best of the city without the stress of long lines and crowded areas.

**COMPANY OVERVIEW**

**Mission Statement:** Guided Tours provides tours that showcase the best of the [San Francisco] Bay Area without the hustle of overcrowded tourist attractions.

**Philosophy:** Guided Tours will focus on providing good quality tours that customers will enjoy -- no long lines, no waiting periods, and no overcrowded areas.

**Vision:** Guided Tours inspires tourists to see what the best in the Bay Area is truly.

**Outlook:** Social Media has created a new kind of evolution where people tend to showcase the best of their lives through food, material acquisitions, and travel. However, with the same photos and poses being shared again and again, many locations in the Bay Area become mere backdrops for tourists. Guided Tours wants to change that by bringing individuals to what is truly the best of San Francisco -- whether these are restaurants or Instagrammable spots that are less seen on social media.

**Type of Industry:** Tourism

**Business Structure:** Partnership

**Ownership:** Partnership, [Don Panza] and [Ryan Moresby]

**Start-Up Summary**: The start-up cost will be around USD [2,000,000] and shall be provided by the owners. This amount shall be used mainly for the tour buses, rent, insurance, supplies and equipment, and payroll.

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| **Start-Up Funding** |
| Start-Up Expenses to Fund | $1,000,000 |
| Start-Up Assets to Fund | $1,000,000 |
| **Total Funding Required** | **$2,000,000** |
|  |
| Assets |  |
| Non-Cash Assets from Start-Up | $20,000 |
| Cash Requirements from Start-up | $950,000 |
| Additional Cash Raised | $25,000 |
| Cash Balance on Starting Date | $5,000 |
| **Total Assets** | **$1,000,000** |
|  |
| Capital |  |
| Planned Investment |  |
| Owners | $2,000,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$2,000,000** |
| Loss at Start-Up (Start-Up Expenses) | -$1,000,000 |
| **Total Capital (Total Planned Investment - Loss at Start-Up)** | **$1,000,000** |
| **Total Capital and Liabilities** | **$1,000,000** |
| Total Funding | **$1,000,000** |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses |  |
| Buses | $950,000 |
| Rent - 6 Months | $12,000 |
| Advertising | $2,000 |
| Legal Fees | $1,000 |
| Staff Training | $3,000 |
| Insurance | $2,000 |
| Other | $30,000 |
| **Total Start-Up Expenses** | **$1,000,000** |
|  |
| Start-Up Assets |  |
| Cash Required | $950,000 |
| Start-Up Inventory | $4,000 |
| Other Current Assets | $20,000 |
| Long-Term Assets | $26,000 |
| **Total Assets** | **$1,000,000** |
| **Total Requirements** | **$2,000,000** |

**PRODUCTS AND SERVICES**

**Product/Service Description**

Guided Tours offers luxury guided tours via executive coach buses for its clients. Each tour bus, which fits up to a group of 30, comes with a bar that offers limited wine and cocktails for its guests.

**Value Proposition**

Guided Tours shall serve a 12 full-day tour per week with two executive coach buses. With its unique and luxurious itinerary, it can serve to raft non-stop.

**Pricing Strategy**

Guided Tours has competitive pricing for different types of luxury tourists. The price bundling is effective for customers as it customizes their Bay Area tour experience.

**MARKETING ANALYSIS**

There are over 26 million tourists in [San Francisco] in [2018] and the number is expected to grow in the coming years. Of this number, around [40.9]% are represented by overnight visitors, who spend about $[8 billion]. With the rise of social media, more and more people are interested in travel and tours, many of whom want to make the most of their limited time in different areas.

**Market Segmentation**

Guided Tours will focus its marketing and sales strategies on customers between the ages of [35-60] in the coming year. This is to ensure that these efforts are targeted at people who want to experience and can afford luxury tours.

The table below shows the average amount individuals spend on long weekends and vacations.



**Target Market Segmentation Strategy**

Customers between the ages of [18-35]

* These tourists have the most time and energy. However, few of them can afford luxury tours. There is no need to dismiss them as they are the most influential in social media. For this target market, it is important to focus on giving incentives to social media influencers as they curate online content that can help individuals and groups make vacation decisions.

Customers between the ages of [36-60]

* These tourists don’t have a lot of time on their hands. However, they have money to spend and are more likely to make use of the company’s services as it is more convenient for them. They are also less likely to want to go to “touristy” areas and are more likely to pay extra for a relaxing, luxurious touring experience. This group is likely to find ads in high-end magazines that reflect their lifestyle, which is why the company shall need to invest in print media.

**STRATEGY AND IMPLEMENTATION**

**Target Market Strategy**

Guided Tours aims to increase sales by at least [10]% every year in operation. The company has already grown significantly since it started. Therefore, more aggressive marketing and advertising are necessary to improve its reach. This can be accomplished by making use of properly curated social media accounts and creating competitive packaging and pricing.

**Competitive Edge**

The company shall adopt stratified tour packages and pricing. That is, there are different price ranges to fit different budgets. However, relaxing and luxurious tours are guaranteed for each of the packages.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Guided Tours | Offers a lesser-known tour away from overcrowded areasAppealing to the target market | Limited operations with only two operational luxury busesThe high cost of operations | Trends in tourism allow for a lot of flexibility in the businessPositive tourism forecast for [2019]Limited niche in the Bay Area, so there is room for development | Low-cost tourism dominates the industry |
| Golden Gate Guides | Established tour company | The tours cannot be differentiated from other businesses in the oversaturated tour niche (budget tours) | High demand in the tourism industry | A large number of competitors in the market |
| Sangria Tours | Strong reputation in the market | No substantial marketing programs | Has the means to cater to specific requirements by different kinds of tourists (budget, adventure, luxury) | Competitors causing market uncertainty |

**Sales Strategy and Forecast**

Millions of posts online are related to travel, which is why a social media manager is necessary for the company to grab the attention of tourists. With an expected increase in tourism, the company targets the following sales in the next two years:



**Marketing Strategy**

The company’s website needs to be revamped to create a more modern, luxurious look to attract more clients. Properly curated social media accounts shall also be maintained to have a better reach with the company’s target market.

Flyers and brochures shall also be made available to three-, four-, and five-star hotels in the city to reach even those who do not have social media accounts, usually the older audiences. Tapping these luxury hotels can significantly add revenue to the company.

A new marketing manager shall take over the marketing and advertising efforts. For the creative projects such as flyers, brochures, corporate photos, and videos, the company will outsource talents to save on costs.

**Milestones**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Website Upgrade | The company will hire a freelance front-end developer to upgrade the website | 2Q March 2019 | The new website has been updated and can already be used for booking tours. |
| Social Media Curation | A new marketing manager will manage social media accounts | ASAP | Hire a social media manager by the end of January 2019.Create and follow a social media posting schedule by mid-February |
| Flyers and Brochures | Hire a freelancer to photograph and layout flyers and brochures | 2Q March 2019 | Final draft submitted by March 15, 2019Printing and distribution by April 2019 |

**MANAGEMENT AND PERSONNEL**

The two partners shall serve as chief executive officer and chief financial officer of the company, respectively.

The general manager and human resources manager will report directly to the CEO. The marketing officer reports to the general manager and will manage the marketing division, including content, websites, social media, and print advertising.

The office manager will report to HR, who will help with training and development.

Staff and tour guides will report to the office manager, who will look over the day-to-day operations of the guided tour.

The accounting and sales staff report to the CFO.

**Financial Plan**

The financial plan includes the projected break-even analysis, profit and loss, balance sheet, and cash flow.

Break-Even Analysis

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Average Price** | **Variable Costs** | **Contribution Margin** | **Break-Even Units** |
| $45,000 | $275.00 | $10.83 | $264.17 | 170 |
|  |  |  |  |  |
| **Fixed Costs** | **Amount** |  | **Variable Costs** | **Per Unit Amount** |
| Rent | 5,000 |  | Advertising | 2 |
| Insurance | 1,000 |  | Legal Fees | 2 |
| Bus Units | 39,000 |  | Staff Training | 3 |
|  |  |  | Fuel Costs | 2 |
|  |  |  | Food Costs | 2 |
|  |  |  |  |  |
| **Total** | **45,000** |  | **Total** | **11** |

|  |
| --- |
| **Fixed Costs** |
| Business Lease - Rent | 5,000 |
| Insurance | 1,000 |
| New Coach Bus Units | 39,000 |
| **Total Fixed Costs** | **$45,000** |
| **Total Service (Unit) Booked in 1 Month** | 5,000 |
|  |
| **Variable Costs (Unit Booked/Cost per Unit)** |
| Advertising | $2,400 | $2 |
| Legal Fees | $2,400 | $2 |
| Staff Training | $2,000 | $3 |
| Fuel Costs | $2,400 | $2 |
| Food Costs | $2,400 | $2 |
| **Total Variable Cost (Per Unit)** | **$10.83** |
|  |
| **Break-Even** |
| **Selling Price Per Unit** | **$275** |
| **Break-Even Point Per Unit [Fixed Costs/(Sales Price Per Unit - Variable Cost Per Unit)]** | 45,000 |
| $264 |
|  |
| **Break-Even Point Per Person** | 170 |
|  |
| **Contribution Margin (Selling Price - Total Variable Cost)** | **$264.17** |

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| **Profit and Loss Projection** |
|  | **FY2018** | **FY2019** | **FY2020** |
| Sales | $1,584,000.00 | $1,900,800.00 | $2,332,800.00 |
| Direct Cost of Sale | $540,000.00 | $570,000.00 | $600,500.00 |
| Other Cost of Sale | $139,000.00 | $141,000.00 | $146,000.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | **$905,000.00** | **$1,189,800.00** | **$1,586,300.00** |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | **$679,000.00** | **$711,000.00** | **$746,500.00** |
| **Gross Margin % (Gross Profit/Sales)** | **42.87%** | **37.41%** | **32.00%** |
|  |  |  |  |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $60,000.00 | $60,000.00 | $60,000.00 |
| Insurance | $12,000.00 | $12,000.00 | $12,000.00 |
| Utilities | $20,000.00 | $25,000.00 | $26,000.00 |
| Salary (Including Tax) | $100,000.00 | $120,000.00 | $150,000.00 |
| Maintenance & Supplies | $5,000.00 | $7,000.00 | $9,500.00 |
| Monthly Coach Bus Payment | $39,000.00 | $0.00 | $0.00 |
| **Total Operating Expenses** | **$236,000.00** | **$224,000.00** | **$257,500.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $669,000.00 | $965,800.00 | $1,329,300 |
| Depreciation (Asset Cost - Residual Value)/Useful Life of the Asset) | $10,000.00 | $10,000.00 | $10,000.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $15,000.00 | $18,000.00 | $20,000.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **$428,000.00** | **$469,000.00** | **$469,000.00** |

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| **Balance Sheet Projection** |
|  | **2019** | **2020** | **2021** |
| Cash | $450,000.00 | $475,000.00 | $490,000.00 |
| Accounts Receivable | $20,000.00 | $20,000.00 | $20,000.00 |
| Inventory | $20,000.00 | $20,000.00 | $22,000.00 |
| Other Current Assets | $10,000.00 | $12,000.00 | $15,000.00 |
| Total Current Assets | **$500,000.00** | **$527,000.00** | **$547,000.00** |
|  |  |  |  |
| Long-Term Assets | $250,000 | $265,000.00 | $270,000.00 |
| Accumulated Depreciation | $5,000 | $10,000.00 | $12,000.00 |
| Total Long-Term Assets | $245,000.00 | $255,000.00 | $258,000.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$755,000.00** | **$782,500.00** | **$805,000.00** |
|  |  |  |  |
| Accounts Payable | $35,000.00 | $37,000.00 | $30,000.00 |
| Notes Payable | $10,000.00 | $10,000.00 | $10,000.00 |
| Other | $4,500.00 | $7,000.00 | $4,000.00 |
| Total Liabilities | **$49,500.00** | **$54,000.00** | **$44,000.00** |
|  |  |  |  |
| Paid-in Capital | $100,000.00 | $100,000.00 | $100,000.00 |
| Retained Earnings | $604,500.00 | $893,000.00 | $1,283,300.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$705,500.00** | **$728,500.00** | **$761,000.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **7.01%** | **7.41%** | **5.78%** |