January 2001

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Signature

______________________________
Name (typed or printed)

______________________________
Date

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1.0 Executive Summary

Adventure Excursions Unlimited (AEU) was formed January 2001 to provide hard adventure sport/travel packages with upscale accommodations, gourmet food, and celebrity service providers to wealthy clients. AEU Hard adventures include Helicopter-skiing, kayaking, white water rafting, and mountain biking. The founders of AEU are Jordan Stephan, MBA/JD, Jillyn Certo, MBA, and Loren Harlo, MBA. In addition to their MBA status, they are passionate about the activities AEU will offer.

An opportunity exists for two reasons:

1. Tourism is a growing industry (4% annually) and within the industry, adventure travel is growing at 10%.
2. There are few providers of hard adventure travel to upscale clients.

Virtually all companies that provide “hard” adventure activities appeal to a lower income client. Companies that appeal to a wealthier clientele generally provide “soft” adventure package. Hard adventure activities involve difficult physical requirements. They carry a higher level of risk than do “soft” activities. Soft adventure activities may involve physical exertion, however they involve a low level of risk and can be engaged in by non-athletic people.

The company's target customers are high income (min. $75,000 for single person), health-conscious individuals interested in popular hard adventure sports. These are lawyers, bankers, executives, doctors, etc. The major purchasers are located in urban areas within major United States cities. Our customers are more likely to be married. 51% are men and 49% are women.

There is rapid growth in the market and increasing demand. In addition, more niche markets are evolving. Initially, it will be difficult to compete with experienced providers, especially the market leaders. However, AEU's target market is an exploitable niche and our service is differentiated. AEU's target market members will have similar activity interests, more disposable income and less sensitivity to price.

We will provide a luxury service with prestige value. Our prices will be out of reach for the majority of adventure travelers. Service will be priced based upon luxury competitor prices and the value added of our offering. Providers that offer offering luxury services similar to ours do so at prices similar to ours. We are competitively priced in the luxury market. Because we appeal to luxury and thus a smaller market, volume will be limited. However, we will be able to capture a higher gross profit margin.

2.0 Situation Analysis

Adventure Excursions Unlimited (AEU) has been operating for several months now. The trips have been well received, and marketing is now critical to its continued success and future profitability. AEU offers high-end hard adventure trips. The basic market need is hard adventure trips for the wealthy client. This target market appreciates upscale accommodations, gourmet food, and personalized attention. AEU will meet this market need with a variety of trip offerings.
2.1 Market Summary

AEU possess good information about the market and knows a great deal about the common attributes of our most prized and loyal customers. AEU will leverage this information to better understand who is served, their specific needs, and how AEU can better connect with them.

### Target Markets

![Pie chart showing market segments]

#### Table 2.1: Target Market Forecast

<table>
<thead>
<tr>
<th>Potential Customers</th>
<th>Growth</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>CAGR</th>
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<td>High-income health-conscious individuals</td>
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<td>1,456,000</td>
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<td>1,826,406</td>
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<td>Young, active &quot;trustafarians&quot;</td>
<td>5%</td>
<td>500,000</td>
<td>525,000</td>
<td>551,250</td>
<td>578,813</td>
<td>607,754</td>
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<tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.19%</strong></td>
<td><strong>1,800,000</strong></td>
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<td><strong>2,405,219</strong></td>
<td><strong>2,653,329</strong></td>
<td><strong>10.19%</strong></td>
</tr>
</tbody>
</table>

2.1.1 Market Demographics

The profile for the AEU customer consists of the following geographic, demographic, and behavior factors:

#### Geographics

- AEU's customers are most likely to come from the following states: California, Florida, New York, Texas, Illinois, Nevada, Hawaii, Pennsylvania, and Georgia.
- Located in urban areas of major cities.

#### Demographics

- Slight majority male. An increasing number of hard adventure travelers are women (some statistics suggest that women comprise 49% of the hard adventure market). Men on average however, spend more than women on their adventure travels.
• Ages 25-50.
• Generally married.
• High income health conscious individuals.
• Young, active, "trustafarians."
• Income over $75,000.
• Typically professionals.
• Health conscious individuals.

**Behavior Factors**

• Spends a large amount of the disposable income that they have.
• Have a love of adventures.

### 2.1.2 Market Needs

AEU is providing its customers with a wide selection of hard adventure trips for wealthy clients. Virtually all companies that provide “hard” adventure activities appeal to a lower income client. Companies that appeal to a wealthier clientele generally provide “soft” adventure packages. Hard adventure activities involve difficult physical requirements. They carry a higher level of risk than do “soft” activities. Soft adventure activities may involve some physical exertion, however they involve a low level of risk and can be engaged in by non-athletic people. AEU seeks to fulfill the following benefits that are important to their customers.

- **Selection:** A wide selection of different hard adventure trips.
- **Accessibility:** The customer can be located anywhere as long as they have access to an airport.
- **Customer attention:** The patron will be impressed with the level of personal attention that they receive.
- **Competitive prices:** Although AEU is priced at the top of the market, providing a luxury service with prestige value, AEU will be priced competitively with the few other high-end service providers.

### 2.1.3 Market Trends

The travel industry is in an upward growth mode. There are several reasons for this increase. First, a relative healthy domestic economy over the last several years and the devaluation of currency in other regions has made travel less expensive for U.S. residents. Pleasure travel has increased by 3.2% in 1999 and is predicted to grow 2.0% in 2000. Second, the healthy economy has increased business which in turn boosted domestic business travel 4.8% in 1999 with an estimated increase of 3.6% in 2000.

Adventure travel is a growing segment of the travel industry. One theory of the recent increase in extreme sports has to do with the strong competitive nature of younger Americans. Statistics show that 8,000 U.S. companies offer adventure packages that generated $7 billion in 1999. There also has been a 66% increase in executive participation between 1996 and 2000 (or an increase of 3,000 to 5,000) (La Franco, Robert. *Forbes*, Feb 9, 2000 v161 n3 p168(3)).

**Quick facts:**

- **Adventure Travelers:** More than 50% of the U.S. adult traveling population, or 147 million people, have taken an adventure trip in their lifetime, 98 million in the past five years. 31 million adults have engaged in hard adventure activities like white water rafting, scuba diving and mountain biking. An additional 25 million engaged in both a hard and soft adventure activity. Six-percent of those who participated in adventure trips spent more than $2,500.
• **Activities most commonly participated in during adventure vacations:** Camping (85%), hiking (74%), skiing (51%), snorkeling or scuba diving (30%), sailing (26%), kayaking or white water rafting (24%), and biking trips (24%).

• **Biking Vacations:** 27 million travelers, customers tend to be young and affluent. Ages 18-34 and one fourth are from household’s w/annual income of $75,000 or more.

---

### Market Forecast

![Graph showing market forecast over years](image)

- High-income health-conscious individuals
- Young, active "trustafarians"
- Other

---

#### 2.1.4 Market Growth

In 1999, the adventure travel market generated $7 billion dollars. The market is poised for growth. This growth can be attributed to several factors. The first factor is an increased appreciation for travel. More and more people are recognizing the value in spending their free time away from home, participating in activities that they enjoy.

Another variable that is contributing to this market growth is that as Americans continue to work longer and longer work hours, they also are looking for adventure travel vacations that offer a release from their day to day work. Our target market works hard, but also plays hard. When they do take time off from work, they choose an activity that they thoroughly enjoy, to a large degree because vacation occurs somewhat infrequently.
2.2 SWOT Analysis

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

2.2.1 Strengths

- Low customer to employee ratio.
- Excellent staff who are highly trained and very customer attentive.
- High customer loyalty among repeat customers.
- A truly unique, high end, service offering.

2.2.2 Weaknesses

- A challenge to find employees who possess the necessary skills and customer-centric attitude.
- The struggle to continuously offer new and exciting trips while maintaining the level of quality that is established over time from repetitive trip offerings.
- Having a customer base located throughout the U.S. preventing AEU from in-person communication.

2.2.3 Opportunities

- Growing market that has yet to be adequately addressed.
- Growing number of young professionals with the recent dotcom boom.
- The ability to spread fixed management overhead costs over an increasing number of offered trips.

2.2.4 Threats

- A slump in the economy will affect the travel industry.
- An increase in terrorist acts will chill Americans perception of safety when traveling, whether in the United States or abroad.
- The entrance of other service providers into AEU's niche.
2.3 Competition

Strengths and weaknesses of the competitors:

The competitors in this market are of two primary types. First there is the adventure provider who specializes in a single type of hard adventure activity such as white water rafting. They typically serve clients who purchase trips for less than $2,000 and closer to the mean purchase price of around $900. Their strength is their expertise in a given sport. Their weakness is that they provide an undifferentiated product in a competitive market. In addition, they do not have the resources, ability or desire to target and/or accommodate a customer demanding more accommodation and a more luxury/adventure oriented service.

Companies that offer higher-priced, more luxurious packages generally provide a "soft" adventure. The activities are more along the lines of sightseeing and low-risk alternatives. The advantages these companies have include established reputations, extensive knowledge of the industry, and key personnel and management. Some have been in operation for more than twenty years. They are familiar with local service providers and have established strategic relationships. They can therefore offer trips at a lower price.

Disadvantages to us:

- It will be difficult to price ourselves competitively when we first enter the market.
- Many of the AEU's activities are seasonal. Recurring revenue will depend upon successful trips in various regions of the world. For example, ski trips will end in April in North America. AEU will then have to move ski operations to places like Las Lenas, Argentina.
- The weather for a given year is hard to predict. Poor conditions will threaten the success of trips. Unforeseen occurrences such as inadequate snowfall could effect the viability of activities such as skiing and white water sports.

Closely related competitors:

Their focus is mainly on "soft" adventure packages such as safaris, river tours (e.g. Amazon), trekking, sightseeing, etc. However they do offer a "Connoisseur" line of packages. These are generally priced starting from $4-7,000. Some of their packages include white water activities and hiking. However, most are touring packages.

Competing or substitute products:

There are many activities and types of travel available to people contemplating a vacation. Theme parks, motor home trips, and cruises are just a few. Substitutes could include less expensive, self-planned trips, trips geared towards soft-travel, adventure trips involving hunting or fishing as primary activities or exclusive adventure trips such as personal submarine tours of the Titanic or a trip around the world in a Leer Jet. Many activities that take place outside and involve some level of risk could be seen as hard adventure competition. Another alternative is to do nothing. Consumers do not have to vacation. They may opt to spend the money they would have otherwise spent on a vacation on something else.
2.4 Services

AEU will position itself as a niche service provider within the hard adventure market. AEU will offer high-quality travel packages for extreme sporting trips. As a start up, AEU will offer six trips: helicopter-skiing trips to Canada, India, and New Zealand, white water rafting trips to New Zealand and Costa Rica and a mountain biking trip along the Great Divide from Montana to New Mexico.

The target market will be made up of young professionals who work and play hard. These people can afford to play expensively and are willing to buy time in the form of our services. AEU will serve the hard adventure niche market as a top quality, full service provider. AEU defines quality by the unique aspects of the services offered. Those aspects include booking group or custom trips, assistance with passports, providing top of the line equipment and supplies, and a superior service offering with access to better terrain, luxury accommodations, entertainment, celebrity exposure, and gourmet food.

The tours to be offered are as follows:

Mountain Bike Tours
This event will take place on the Great Divide trail from Montana to New Mexico and is designed for the serious biker that appreciates a few of life’s comforts along the trail. Showers and gourmet meals will be provided along with entertainment. All excursions will maintain a staff to client ratio of 1:2.

A map system has been created by Adventure Cycling and is currently available for purchase. The map clearly indicates the route, places to camp, stores for food and laundromats. It is totally comprehensive. Leadership training for the guides will be developed in-house using some outside material. There are many similar organizations that will be good sources of information.

The products needed for this trip are for the most part already manufactured. One item that needs to be designed and built is a privacy compartment for the solar shower. This will be designed by Jordan and manufactured in-house. A cookbook will also be assembled. This will be a collection of simple recipes including some personal favorites. Professional cooks will be provided and flown in if necessary.

Heli-skiing
Helicopter skiing has become a popular alternative to resort skiing. It offers uncrowded access to the best terrain. For those who like to get off the beaten path heli-skiing is for them. AEU has planned annual and custom trips to three destinations. Everything will be taken care of for the customer. Transportation, lodging, transfers and skiing is included in the package. Although our trips are planned at peak ski seasons, mother nature can not be predicted. In the event that the weather is too treacherous to ski the trip will be postponed. An in-house travel consultant will accompany each group and take care of all check in and transfer issues.

AEU will not send clients to places we ourselves would not go. All service providers will be top-notch professionals with accomplished backgrounds. They will be medically trained and evaluated for knowledge and ability to ensure safety and high quality service. If they fail, at any time, to meet our rigid standards of quality, they will not be used. If quality falls, another provider will replace them. These activities take place outside of the United States and therefore we will hire local guides to accompany our professional guides and service providers.

White Water Sports
New Zealand and Costa Rica were chosen for these hard adventure excursions. The trips will be ten days long, with a maximum of ten people per group Annual trips will be planned to each location, but for large enough private groups, custom trips can be planned. As with the heli-skiing trips, local guides will be used in addition to our own. The creation of the trips will be done in-house. The abroad trips will be a cooperative effort in-house as well as local guides in the host countries. The choice to seek outside consulting for the trips abroad is due to each countries different legal and regulatory climate. The potential subcontractors and guides are individuals
currently in the industry in their respective countries.

The different trips all have different pricing schemes, however, the trips in general will be from $1,000-$5,000 per week.

### 2.5 Keys to Success

Customer attention, customer attention, customer attention.

### 2.6 Critical Issues

Adventure Excursions Unlimited is still in the speculative stages as service provider. Its critical issues are:

- Continue to take a moderate fiscal approach; expand at a reasonable rate, not for the sake of expansion in itself but because it is economically wise to.
- Continue to build brand awareness which will drive customers to AEU.

### 3.0 Marketing Strategy

AEU will use several different forms of communication for their marketing strategy. The first effort will revolve around their Internet site. AEU’s demographic relies heavily on the Internet for information. While AEU currently has a website, they recognize that resources are required to maintain the site as well as continually improve it. The website will constantly tested to determine that it is coming up as one of the top results when key words are entered into a search engine.

Another form of communication is magazine advertising. The advertising will occur in magazines whose readership has similar demographics as AEU. The magazine advertisements will be used to increase visibility of AEU and position it as the top service provider in the high-end hard adventure market.

As time progresses and a loyal customer base is established, AEU will rely on email newsletters and direct mail to the customers that are on the mailing list. The newsletters will share specials (both trips as well as special deals) to this select group of customers. The goal of the newsletters is to incentivize the past customers to join AEU for another trip with a special deal.

As operations progress, the AEU will continue to measure our progress relative to competitors and to the growth of the market(s) in which we operate. Though the primary target market has been defined, there may be new possibilities to serve additional segments. As the product is defined and the strategy differentiation is defined based on competitive strengths, AEU will be better able to determine whether adjustments in positioning are necessary. Access to important information concerning the market, competitors, etc., is available. However it is not free. For the purposes of this project, we feel it is unnecessary to incur additional expense.

The marketing strategy will be to develop long-term relationships with customers. AEU will keep a database from which to obtain important demographic & psychographic information. As the business becomes profitable, plans will be implemented to expand. There is virtually no limit to the number and variety of trips AEU can provide. Trips can take place on every continent and in most countries. The goal is to establish AEU as an international provider of top of the line hard-adventure travel.
3.1 Mission

Adventure Excursions Unlimited's mission is to provide the customers with the highest quality outdoor adventure. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place.

3.2 Marketing Objectives

1. Maintain positive, steady growth each quarter.
2. Experience a growth in new customers who are turned into long-term customers.
3. To be recognized as the premier high-end hard adventure trip provider.

3.3 Financial Objectives

1. A double digit growth rate for each future year.
2. A reduction of fixed overhead through disciplined growth.
3. Continue to decrease the variable costs associated with the production of trips.

3.4 Target Marketing

AEU will target two different groups:

- **High income, health conscious individuals**: this group of people are typically professionals, with an average income over $75,000. This group works hard, but when they have time off, they play hard with active vacations. They are willing to spend more money on a vacation to get more personalized attention.

- **Young, active "trustafarians"**: this group of people tend to be younger than the other target segment. This group has a lot of disposable income, but not because they earn it, but because they have wealthy parents. This group tends to live in cities such as Boulder, CO, Bend, OR, Bellingham, WA or Taos, NM. They choose these cities because these are "active cities." All of them have many outdoor activities within minutes of the city. This group makes up a much smaller population relative to the other targeted group. This group loves to play in the outdoors, pushing themselves physically, and have their parent's money to do so.

We are targeting these special populations for several reasons:

- This segment up until now has been underserved.
- This market segment traditionally spends a fair amount of money on adventure trips.
- This target segment seems to be willing to pay a premium for a top-shelf adventure excursion.
3.5 Positioning

AEU will promote/position itself as a differentiated provider of luxury hard adventure travel, and will price themselves accordingly within the chosen service niche.

AEU positioning will leverage their competitive edge:

- The competitive edge in our services is the access we provide to popular "hard" adventure sports without the budget constraint of typical travelers.

- The majority of providers cater to these people. Adventure Excursions Unlimited intends to use the same service providers but provide more exclusive trips. Accommodations will be primarily in small luxury hotels and resorts. Meals will be exceptional, more like gourmet cuisine.

- The adventure activities will be better than average because the clients have more disposable income. They won't get stuck with people they don't like; they will get access to the best terrain, sections of rivers, etc. AEU's activities are very popular. People have no problem spending $4,000 per week on heli-skiing. Moreover, they generally make this type of activity an annual event.

Additionally, AEU's competitive edge is customer attention and customer service. AEU has a very low client to employee ratio, allowing AEU to provide close personal attention to the clients. This is the level of service expected at this price point and AEU intends to exceed the customers expectations.

3.6 Strategy Pyramids

The single objective is to position AEU as the premier, high-end, hard adventure service provider, commanding a majority of market share within seven years. The marketing strategy will seek to first create customer awareness regarding their services offered, develop that customer base, and work toward building customer loyalty and referrals.

The message that AEU will seek to communicate is that AEU offers the highest level of service for their high-end hard adventure trips. The message will be communicated through a variety of methods. The first will be their website. The second method will be magazine advertisements, the third method is a direct mail (snail mail and email) campaign.

3.7 Marketing Mix

AEU's marketing mix is comprised of the following pricing, distribution, advertising and promotion, and customer service.

- **Pricing:** AEU does not compete on price, they compete on service. Additionally, the target market is not price sensitive. To a large degree price is irrelevant as long as it is reasonably proportional to the services offered.

- **Distribution:** AEU's services will be distributed throughout the United States and the world, depending on the location of the trip.

- **Advertising and Promotion:** The most successful advertising will be the magazine advertisements as well as the direct mail.

- **Customer service:** Obsessive customer attention is the mantra. AEU's philosophy that is
established throughout the organization is whatever needs to be done to make the customer happy must occur, even at the expense of short-term profits. In the long run, this investment will pay off with a fiercely loyal customer base who is extremely vocal to their friends regarding referrals.

### 3.8 Marketing Research

During the initial phases of the marketing plan development, several focus groups were held to gain insight into the customers needs and desires for a high-end hard adventure trip. These focus groups provided useful insight into the decisions and the decision making process of target consumers.

An additional source of dynamic marketing research is a feedback mechanism based on a suggestion card system. The suggestion card has several statements customers are asked to rate in terms of a given scale. There are also several open ended questions that allow the customer to freely offer constructive criticism or praise. AEU will work hard to implement reasonable suggestions in order to improve their service offerings as well as show their commitment to the customer that their suggestions are valued.

The last source of market research is competitive analysis. AEU will be constantly observing the competitors to look for any changes in service offerings or business model changes.

### 4.0 Financials, Budgets, and Forecasts

This section will offer a financial overview of AEU as it relates to the marketing activities. AEU will address break-even analysis, sales forecasts, and how those link to the marketing strategy.

### 4.1 Break-even Analysis

The Break-even Analysis indicates that $25,200 will be needed in monthly revenue to reach the break-even point.
Target Markets

- High-income health-conscious individuals
- Young, active "trustafarians"
- Other

4.2 Sales Forecast

The sales strategy is to create long-term relationships with customers through superior service. The intent is to initially target the primary customer group. This group has been defined as persons who have purchased, or are likely to purchase, a “hard-adventure” vacation for over $2,500.

The trips planned are designed with the wealthy adventure traveler in mind. Later marketing efforts may include trips geared towards corporate clients, Eco-tourism or hard adventure trips for people who want to spend less money. Target customers will be identified through standard research methods. There are a number of publications available that contain profiles of adventure travelers.

Methods by which AEU will contact customers will depend on results of marketing/sales research. AEU will likely use trade or special interest magazines, direct mail, Web-based communication, and personal selling. In addition printed materials will be made available to customers through travel agencies that cater to the adventure target market. Initially, service will be introduced regionally and, possibly nationally. Sales will be extended into the global market within a few years of operation.

Our services are seasonal. Recurring revenue will be dependent upon successful trips involving a variety of activities offered year-round. We hope to promote out of season services through frequent customer contact and through our own publication, most likely a magazine of some sort. We will review up and coming trips, offer highlights of past trips and try to do other creative articles, giveaways, customer profiles, etc.

Most sales will occur at the retail level. The sales that occur between customers and travel agencies will be discounted appropriately, approximately 15%. Transactions will occur as the result of customer contact in response to communication efforts. In addition, AEU will engage in personal selling.

The following chart and table shows AEU's expected sales forecast.
4.3 Expense Forecast

Marketing expenses are budgeted so that there will be advertising activity each month. There will be an increase in spending for the advertisements four times throughout the year to coincide with the times that people will be typically planning vacations.

The expenses for the direct mail will be applied throughout the year, but these costs will be nominal relative to the advertising costs.

Monthly IMC Budget
Table 4.3: Budget

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<thead>
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<th>Budget</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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<tr>
<td>Direct mail</td>
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</tbody>
</table>

5.0 Controls

The purpose of AEU's marketing plan is to serve as a guide for the organization.

The following areas will be monitored to gauge performance:

- Revenue: monthly and annual.
- Expenses: monthly and annual.
- Repeat business.
- Customer satisfaction.

5.1 Implementation Milestones

The following milestones identify the key marketing programs. It is important to accomplish each one on time and on budget.
Table 5.1: Evaluation Programs

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<td>Marketing</td>
</tr>
<tr>
<td>Advertising flood campaign #2</td>
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<td>5/1/01</td>
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<td>Marketing</td>
</tr>
<tr>
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<td>7/1/01</td>
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<td>Loren</td>
<td>Marketing</td>
</tr>
<tr>
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<td>8/1/01</td>
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<td>Marketing</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td>$21,200</td>
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</tr>
</tbody>
</table>

5.2 Marketing Organization

Loren Harlo is responsible for the marketing activities. This is in addition to his other responsibilities, and will depend on outside resources for graphic design work and creativity.

5.3 Contingency Planning

Difficulties and risks:

- Problems generating visibility.
- An entry to the high-end hard adventure market.
- Difficulty securing high quality staff.
- A slump in the economy.

Worst case risks may include:

- Determining that the business cannot support itself on an ongoing basis.
- Having to liquidate assets to cover liabilities.
### Table 4.3 Budget

<table>
<thead>
<tr>
<th>Budget</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
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<td>Advertising</td>
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<td>$800</td>
<td>$5,000</td>
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<td>$800</td>
</tr>
<tr>
<td>Printed material</td>
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</tr>
<tr>
<td>Direct mail</td>
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</tr>
<tr>
<td><strong>Total Budget</strong></td>
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<td><strong>$5,200</strong></td>
<td><strong>$1,000</strong></td>
<td><strong>$5,200</strong></td>
<td><strong>$1,000</strong></td>
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</tr>
</tbody>
</table>