



Marketing & Sales Toolkit

Funded by
the Government of Canada's
Sector Council Program

Canada

TABLE OF CONTENTS

Section	Page
Marketing Planning	3
I. Overview.....	5
II. Elements of the Marketing Plan.....	5
III. Situational Overview: Research and Define Your Positioning.....	7
IV. Your Marketing Concept.....	8
V. Marketing Goals and Objectives.....	10
VI. Product Strategy.....	11
VII. Pricing Strategy.....	12
VIII. Distribution Strategy.....	13
IX. Promotion Strategy.....	19
X. Using the Internet for Promotion and Sales.....	22
XI. Detailed Marketing Activities Planning.....	26
XII. Marketing Human Resources.....	27
XIII. Marketing Budget.....	28
Sales Planning	29
I. Overview.....	30
II. Sales Representatives Versus Sales Agents.....	31
III. Hiring Sales Representatives.....	32
IV. Finding Sales Agents or Distributors.....	33
V. Identifying Retailers to Target.....	34
VI. Developing and Implementing the Sales Plan.....	35

Readers are reminded that the goal of this Toolkit (“Toolkit” or “Guide”) is to provide easy access to a wide array of information important to apparel companies. These Guides are provided for general guidance only and are not intended to convey professional advice. These Guides include information with respect to government regulations, policies and administrative procedures that are subject to change with or without prior notice. AHRC does not warrant that these Guides are up to date with all current conditions. Readers are therefore reminded to review AHRC’s web site terms of use and disclaimers and advised to consult professionals prior to taking any actions based on information contained in these Guides.

For further information, please contact:

Jean Rivard
Apparel Human Resources Council
514.388.7779
jrivard@apparel-hrc.org

--- MARKETING PLANNING ---

I OVERVIEW

In a world where everyone seems to be chasing after the same sales dollars, Canadian apparel companies must strive to be different and have a unique competitive advantage. But developing an advantage is not enough. It must be communicated effectively to open doors and create interest so that the sales department can get in and do their job.

Marketing planning encompasses your product, pricing, channels of distribution and promotion strategies. It dovetails your business plan and includes all your online and offline activities that all must be integrated in a consistent manner in support of sales.

The first section of this guide is therefore dedicated to marketing planning. It includes sections on:

- Elements of the marketing plan;
- Researching and defining your positioning;
- Outlining your marketing concept;
- Defining your marketing goals and objectives;
- Outlining your product strategy;
- Outlining your pricing strategy;
- Developing your distribution strategy;
- Developing your promotion strategy;
- Using the Internet for promotion and sales;
- Preparing a detailed marketing activities plan;
- Assigning human resources to your plan;
- Preparing a marketing budget.

II. ELEMENTS OF THE MARKETING PLAN

As in developing a business plan, there are many ways to structure a marketing plan. The major difference between a business plan and a marketing plan is its focus on the specific marketing strategies related to product, pricing, distribution and promotion.

The following section outlines a marketing plan designed that ties in to the business plan outlined in the Start Up Toolkit:

Situational Overview *(as done in the business plan – see Start Up Toolkit)*

Executive Summary, including:

- The need that you are trying to fill;
- Your product, target market and why they will buy from you;
- Business growth potential;

Business Overview, including:

- Mission statement, objectives, philosophy;
- High-level industry and sector summary;
- Product description, target market and channels of distribution;

Products and Services / Understanding the Business, including:

- Description of the niche and how this company will be differentiated from the competition;
- In-depth description of the products / lines;
- Key strategic factors that will contribute to company success (examples can be in areas such as design, production/sourcing, sales, marketing, service);

Understanding the Market, including:

- Apparel industry overview;
- Major trends in the industry;
- Sector-specific analysis;
- Major trends in the sector;
- Profile of the target market, its size, growth, needs;
- Competitive analysis, including names of competitors, their size, strengths and weaknesses;
- Identification of the opportunity (based on target market needs and gaps / weaknesses noted in competitive analysis);

Company Positioning, including:

- How your business will fill the identified gap by better meeting the needs of the consumer; your competitive edge;
- Key success factors, measurements of success;
- Company strengths, weaknesses, opportunities and threats;
- Identification of strategies to capitalize on strengths & opportunities and those for mitigating weaknesses, threats and risks;

The Marketing Concept

- Detailed target market profiling;
- Detailed product and company profiling;
- Key messages to reinforce positioning;

Marketing Plan Goals & Objectives

- Specific goals and objectives that you want to achieve with your plan;

The Marketing Strategy

(Note: the following detailed strategy sections can be presented in order of importance to the business concept).

- Product strategy;
- Pricing strategy;
- Distribution strategy;
- Promotion strategy;

Detailed Marketing Activities

- Calendar of specific events and timing;

Marketing Human Resources

- Resources to be allocated to each project;

Marketing Budget

- Detailed costs per activity;

Appendices

- Relevant promotional material;
- Relevant research material.

The following sections will elaborate on the key aspects of the plan.

III. SITUATIONAL OVERVIEW: RESEARCH AND DEFINE YOUR POSITIONING

Before building your marketing plan, ensure that you have a well-thought out business or strategic plan. In order to do so, review the Start Up Toolkit and the Strategic Planning Toolkit, especially the following sections:

Step	Reference Source	Section
Define the concept: <ul style="list-style-type: none">▪ Define the product▪ Define the target market	Start Up Toolkit	<ul style="list-style-type: none">▪ Mapping out the Concept▪ Developing the Business Plan
Identify competitive positioning: <ul style="list-style-type: none">▪ Identify competitors, their strengths, weaknesses, opportunities, threats, possible courses of future actions, response to your business, staying power, etc.▪ Identify how you differ from the competition and why customers will buy from you as opposed to your competitors▪ Identify your own strengths, weaknesses, opportunities and threats relative to the competition	Strategic Planning Toolkit 2007 AHRC Strategic Planning & Benchmarking Report Strategic Planning Toolkit	<ul style="list-style-type: none">▪ Competitive Environment Analysis▪ Competitive Environment Analysis
Conduct research to confirm positioning (market and consumer analysis): <ul style="list-style-type: none">▪ In-depth research to confirm your market and the need for your differentiated position	Start Up Toolkit Strategic Planning Toolkit	<ul style="list-style-type: none">▪ Assistance in Preparing the Business Plan▪ Customer Survey

Use the elements constructed in the business plan (i.e.: executive summary, business overview, products and services, understanding the market and company positioning). Then proceed through the following questions to summarize your unique competitive positioning and foundation of your marketing plan.

IV. YOUR MARKETING CONCEPT

Define what is unique about you.

Build a profile of the end consumer who will buy and use your products. Consider creating a human profile for them, i.e. what is their age range? What is their personal / family income? What level of education do they have? What is their marital status? What is the size of their household? Where do they live and work? Where do they shop? What kind of people are they – outgoing, conservative, athletic, studious, etc.? What kind of shoppers are they – impulsive, planned? How much do they spend on clothing? What kind of hobbies do they do? How do they spend their free time? What are their cultural beliefs and values? What's important to them? It can help to give a name to your fictional character to help make the persona seem real.

Based on your differentiated position, your understanding of the market, and your target end consumer, build a personality for your brand to suit your target customer. Summarize all the key attributes that your marketing material must convey.

Next, convert these attributes into usable marketing concepts:

What images and other sensory cues can be used to convey your brand?

MARKETING PLANNING

Do your brand name and logo have to be updated to reflect your position? If so, how?
What new elements need to be incorporated?

Write a tag line that captures the essence of your brand:

Now that you have defined your unique positioning, proceed to the next section to outline your goals and objectives.

V. MARKETING GOALS AND OBJECTIVES

Your marketing goals and objectives should tie into achieving your overall business plan's short-term and mid-term objectives. Express them in terms that relate to what your marketing activities should achieve towards these goals.

Possible objectives include:

- Increasing sales by x%;
- Increasing market share by x%;
- Opening up new distribution channels to add x% to sales or the bottom line;
- Launching an advertising or PR campaign to build brand awareness.

Based on your business plan, develop marketing objectives for your plan in support of the overall business plan:

Proceed to the next section to develop a consistent marketing strategy in the key areas of product, pricing, distribution and promotion.

VI. PRODUCT STRATEGY

At this juncture, your product strategy should be clear and you should be able to answer the following questions:

- How many lines are you carrying?
- What is the breadth and depth of the line, i.e.: number of styles, sizes, SKUs?
- What will be the quality levels?
- Is packaging required? If so, how does it support the brand?
- Are all product related service policies in place (returns, credits, etc.) and do they support the product positioning?
- When will the new line or new styles be introduced?

Your marketing plan should also include efforts to assist future product development that leads to supporting your positioning. To do so, your product strategy should include getting as much customer feedback as possible:

- Conduct customer surveys;
- Visit retailers to get their opinions;
- Capture critical customer feedback from your various “touchpoints”, i.e.: customer comments / complaints / complements from all sources including: telephone calls, e-mails, website feedback, blogs, etc.;
- Survey your sales force, including internal representatives, agents and distributors.

Outline your current product strategy and your product development strategy so that it can be fully explained in your marketing plan:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

VIII. DISTRIBUTION STRATEGY

Your distribution strategy must strike a balance between unit profitability and volume in order to achieve overall profitability. It must also take into account other aspects such as the need to protect / build a brand and the complexity of the sales process. Issues to consider include:

- Can you generate sufficient volumes to be profitable without using third party distribution channels?
- Can you be more cost effective at distributing product than third parties (i.e.: can you generate greater margins and gross profit dollars after factoring in your own distribution costs than if you had used a third party distributor)?
- Do you need rapid, extensive distribution to secure market share before competition intensifies or can you grow slowly?
- Do you need to be in control of your own distribution in order to better protect and grow your brand?
- Do you need to be positioned in certain stores or seen with other products in order to help build your brand or market position?
- Does your product require a unique selling process that you must control in order to be successful?
- Do you have or can you cost-effectively acquire the ability to build your own distribution channels?

Based on your conclusions, your distribution strategy can incorporate selling through a number of different distribution channels including:

- Retailers: independents, specialty stores, discount stores or department stores;
- Direct to consumer: company-owned retail, Internet, trunk shows and direct selling / multi-level marketing (home shopping, trunk shows, etc.);
- Public and private sector contract opportunities (tenders);
- Business-to business distributors;
- Other channels such as direct mail catalogue retailers or television / home shopping channels.

Retailers

Department Stores (Majors)

Department stores can provide access to a very large customer base. Depending on your product, they can be a positive or negative factor in building your product positioning and credibility for your target.

Department stores will dictate a host of terms of conditions. They may also require that you provide discounts (i.e.: new store allowances, volume rebates, co-op advertising, etc.) and that you adhere to strict operating processes (i.e.: delivery dates and times, packaging requirements, etc.) which if breached – can result in significant penalties.

Some department stores may offer you to establish an in-store boutique or a shop-in-shop concept. Under this arrangement, the store is effectively looking for a return on square footage. While you may have more creative control over the space, conditions and expected sell-through rates will be dictated to you. There can be penalties for not achieving targets.

Discount Stores

Discount stores may operate in a similar fashion as department stores, however with even more pressure to operate highly efficiently and at the lowest possible price. For example, companies considering selling to Wal-Mart must ensure that they can operate at maximum efficiency and adhere to their stringent processes in order to succeed.

Those that can operate in accordance with Wal-Mart's requirements can be very profitable due to the volume potential. However, failure to meet their requirements can result in highly punitive fees.

Specialty Stores

Many specialty stores develop their own product and can source their production globally. However, many also rely on domestic suppliers for short-order runs, in season fast-fashion replenishment or to fulfill other category needs that do not justify them having a fully vertical operation.

Specialty stores can provide apparel companies with a unique opportunity to target very specific markets with functional and creative products.

Independents

Independents remain a lifeline for smaller suppliers. They must continuously seek out products that are not readily available through other major channels of distribution. Volumes tend to be small and a large network of independents is often needed in order to generate significant sales.

Independents tend to have their specific customer followings and are therefore a good channel for highly focused products. Suppliers can often attain higher margins for their products and can have greater influence over how their product is marketed than in other channels.

Independents however have been significantly challenged in recent years by strong competition from other channels (such as specialty stores) that have access to large budgets, deep management teams and global product development and sourcing capabilities.

Direct to Consumer

You may choose to sell directly to your end user. This can be done through a host of means including: opening physical retail locations, selling on the Internet, selling through trunk shows in conjunction with retailers or selling through home shopping parties.

Physical Retail Store (other than clearance outlets)

Opening a physical retail store can be a viable option for some, especially if you are in the business of fast fashion, branded product retailing or lifestyle niches.

Opening a store can offer the following advantages:

- Potentially increase profits (well run retailers are generally more profitable than manufacturers);
- Control the sales channel so that it can be crafted to meet your needs;
- Control your brand positioning and message;
- Use the location to build and sustain brand loyalty;
- Gain further access and understanding of the end consumer to help in product development;
- Test market acceptance of new concepts.

On the other hand, a physical store can offer many challenges, including:

- Additional business complexity; more diverse management skills required;
- Other retail customers may react negatively;
- High level of financing required to operate the store and maintain / refresh it.

When considering opening a retail location, consider:

- Do you have enough product depth and breadth to fill a store?
- Is your line sufficiently unique or niched enough to attract customers?
- Do you have sufficient marketing capabilities to drive sufficient volume to your store?
- How will you finance building your store?
- How will your current retail customers react?
- Do you have sufficient retail knowledge to run a store?
- Do you have the systems, controls and resources required to run a store?

For further information about retailing, see the Retail Council of Canada at www.retailcouncil.org or the National Retail Federation at www.nrf.com.

Selling on the Internet

The number of companies having success selling online continues to grow. Given the interest, a separate section in this Toolkit has been devoted to the topic. For further information see the section *Using the Internet for Promotion and Sales*.

Trunk Shows

A trunk show is an event whereby you bring a “trunk” full of merchandise to be viewed by a select group of invited guests. These shows are common practice among boutiques and boutique divisions of department stores. The retailer invites targeted clients to the show so that they can view a greater number of pieces than otherwise carried in the store or can purchase before the collection is available to the public. Clients generally order their purchases at the show. It can also be a means for a retailer to test how their customers will respond to a new line without having to place an initial order.

When held early in the season, trunk shows can also provide critical customer insights into planned products. Feedback received can then be used to adapt the product line before its final development and roll-out.

Home Shopping Parties and Direct Selling / Multi-Level Marketing

Home shopping parties can be an effective means of selling certain types of products. It tends to work best when there is a need for an educational sales process. Examples include when there is a need to demonstrate a product’s unique functionality or when offering ancillary services such as tailored fashion advice for products.

The challenge in this distribution strategy is to build a sufficient network of possible end consumers through which to hold such events. The strategy is often referred to as direct selling or multi-level marketing. For further guidance on this method of selling, see the Direct Selling Association at www.dsa.org.

Business to Business Distributors

Business to business distributors can be used to reach a host of fragmented markets such as uniforms or corporate promotional wear. Distributors can often be found by searching within your product category.

For instance, for uniforms, consider the National Association of Uniform Manufacturers and Distributors at www.naumd.com. If you are seeking a promotional wear distributor, consider the Promotional Products Association of Canada at www.promocan.ca; Promotional Products Association International at www.ppai.org; or Advertising Specialty Institute at www.asicentral.com.

Public and Private Sector Contract Opportunities (Tenders)

Many Canadian and US public and private tendering opportunities are available online. Common apparel contracts include items such as uniforms, protective apparel or other clothing and accessories. Public sector buyers include the federal government, state and provincial governments, municipalities, academic institutions and hospitals.

MERX is Canada's leading electronic tendering service. It provides searchable databases of opportunities of Canadian and US public and private tenders. The system allows users to view opportunities by category (i.e.: textile and apparel) and download all relevant contract information. Access to Government of Canada opportunities is free. A subscription is required to access other elements of the database. For further information, see MERX at www.merx.com.

The Government of Canada also operates a web site – Business Access Canada – “to improve supplier and buyer awareness of federal business opportunities and of the Government of Canada procurement system. The site also simplifies access to Government procurement information.” For further details see Business Access Canada at www.contractscanada.gc.ca.

While the formal tendering process is often done online, your marketing strategy should include a plan to gain first hand experience with the organizations you may be targeting. This can be accomplished at trade shows or through face-to-face meetings at times when contracts are not being tendered. During this process, ensure to understand your target's needs and the strengths and weaknesses of your competitors.

Other Channels

Other channels such as catalogue retailers or television shopping channels can be viable distribution channels for selling large amounts of product. However, there can also be substantial risks if sales fail to reach their targets. For instance, some television channels may require you to supply a large minimum order on consignment and accept all unsold merchandise for return.

In any event, if you choose to pursue such a distribution channel, you will need to do some additional research and planning, such as:

- Whether you have the same demographic profile as the channel's audience;
- Time required to get your product listed and eventually aired / placed;
- Ability to supply and finance the minimum order;
- Alternative sales and marketing plan in the event that your product does not sell well and you are left with a large quantity of items to clear.

Given the risks involved, you may wish to consult with others who have had direct experiences with such a distribution channel.

There are obviously various selling strategies and resources that you can use to open various channels of distribution. See the Sales portion of this Toolkit for a further discussion on topics such as when to use in-house sales personnel versus sales agents and how to go about finding such agents or distributors.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

IX. PROMOTION STRATEGY

The purpose of your promotional strategy is to identify how you will communicate your positioning message and to whom (end consumers as well as middlemen).

Using Typical Promotional Tools Effectively

Many apparel suppliers use the following promotional means:

- Trade shows;
- Catalogues / look books;
- Point of purchase displays;
- Product knowledge sessions with distributors and retailers.

In order to get the most out of these activities, consider the following:

- Search the Canadian Apparel Federation's (CAF) online database of industry trade shows at www.apparel.ca;
- Prior to attending a trade show, contact all customers and potential customers. Inform them of your participation. Send them your catalogue. Secure initial interest in your product. Book appointments in advance for them to visit you at your booth;
- Consider taking advantage of:
 - CAF's trade show assistance program – Wear Canada. The program provides participants with opportunities to exhibit at specific trade shows and advertise at events in feature supplements at reduced rates. For more information, see CAF at www.apparel.ca or www.wearcanada.ca;
 - Additional assistance available through the Quebec government's Promode program, which offers subsidies to Quebec-based companies to exhibit in one or more of a selected list of fashion trade shows in the United States and overseas. If you are based in Quebec, you may be eligible to receive a 50% subsidy (to a maximum of \$5,000 per event) for the cost of a booth, décor & lighting; airfare & lodging; as well as Wear Canada or Show Guide advertising. For more information, see Apparel Quebec at www.apparelquebec.com;
- Use professionals to build a quality catalogue. Consider both product and lifestyle imagery to help position and sell your product;
- Get creative with your point of purchase displays in order to attract attention. Attempt to go beyond typical signage. Consider innovative displays, racking systems, unique mannequins, hang tags that tell a story, etc. – anything that will make you stand out at point of purchase;
- Educate your channels of distribution and your end consumer about your unique product features and about what makes you different. Develop creative ways to make it easy for resellers to sell your product.

Other Promotional Tools to Consider

- Advertising (TV, radio, billboards, magazines, etc.):
 - Can be seen by many and be effective when repeated;
 - Can be very costly and does not allow for interaction with the target audience;
- Sales promotion (contests, volume discounts, in-store presentations, etc.):
 - Can be highly beneficial when aimed at middlemen and their sales personnel;
 - Can increase sales and visibility but can also lower image when aimed at the end consumer;
- Personal selling (product training and education, fashion advice, etc.):
 - Allows for interaction, demonstration of product benefits, puts a human face to the product which can help in the selling process;
 - Can be costly and time consuming to reach a large audience;
- Publicity (non-paid for advertising, promotion or personal selling, etc.):
 - Can be seen as more credible than paid-for advertising and can be more cost-effective;
 - May not allow for full control over the message being delivered.

Given the high costs associated with promotional activities, many companies seek out ways to conduct such activities with limited funding as described in the following section.

Promoting your Product with Limited Funding

You may have a great product and a differentiated position, but lack deep pockets for marketing activities. It's a common problem for many small apparel companies.

Consider some of the following low-cost ideas to create product awareness:

- Tell the story of how your company was founded and how it came to be. People like buying from people they can associate with;
- Support charities that are important to you and your end consumer. Donate some funds in a creative way and participate in their events;
- Do coordinated charity work with your employees to attract attention to something that ties into your positioning;
- Campaign to change something that is important to you and your end consumer;
- Support related local community events;
- Give your product away to the media;
- Seek out opinion leaders that are relevant to your end consumer. Provide them with product and consider their advice in product development;
- Seek out and use testimonials;
- Provide product to celebrities, television and movie companies;
- Hold contests, competitions and give away product to attract attention;
- Provide a gift with purchase;
- Continuously build content on your web site that is relevant to your consumers;
- Blog to keep consumers up to date about your product and build a following;
- Post creative videos on YouTube as well as on your site;
- Repeat your marketing tag lines on packaging, letterhead, envelopes, company vehicles, etc. to reinforce your positioning;
- Have very liberal return policies to attract new business;
- Capture information about your actual end consumers and market directly to them: newsletters, text messaging, e-mails, etc;
- Create a "community following" around your product and company;

X. USING THE INTERNET FOR PROMOTION AND SALES

Internet marketing strategies have to provide consistent messages as your offline marketing activities and should be considered as part of your overall marketing plan. The following section will look at developing a website, selling online and promoting your business on the Internet.

Developing a Website

Even if you do not sell online, customers and end consumers are likely to visit your website to learn more about you. This is your chance to reinforce your unique positioning and the essence of your product.

However, time is of the essence. Studies show that viewers tend to size up the value of your site during the first ten seconds of their visit. Furthermore, during their initial exploration of your site, viewers tend to spend no more than a minute on any content page. As a result, your site must be well planned out in order to retain visitors long enough to make a lasting impression.

Website Content

At a minimum, typical website content should include:

- A history of the company and the story of its founder;
- Product images;
- The most current product line (when planning your operational calendar, ensure that your site is updated in accordance with your new season's launch);
- Your unique product positioning or element of company differentiation;
- Contact information (online and offline).

Given the minimal time that visitors may spend on your website, all content must be very concise and perfectly on message.

Some writing tips to help the reader rapidly move through a page include:

- Use sub-headers, bulleted lists and indents;
- Use tables, charts and graphics;
- Write short paragraphs;
- Lead each section with your major point, thereby giving readers the option of seeking out more details by reading on or moving on to the next section.

Website Development

Consider the following approach to develop your website:

- Understand how your targeted visitor currently uses the Internet and their level of sophistication. What will they expect to see on your site? What level of functionality will they expect? How tech savvy are they and what types of interactions would they want or be challenged by?
- Define the scope of your site. What do you want to accomplish? Possible objectives include:
 - Product education / emphasis of company differentiation;
 - Brand building;
 - E-commerce;
 - Customer service;
- For each objective, confirm that the Internet is the most appropriate tool. Can other offline processes accomplish the objective more cost effectively or more easily?
- List out the type of content you want on the site;
- Map out the outline of the site (sitemap) as to how it will be organized;
- Make a list of specific features / functionality that you would like;
- Set your preliminary budget and timing requirements for the site (including, design, production and testing).

Using a Third Party Developer

Once you have defined your needs, you may choose to hire a third party web developer. In this case:

- Research potential software solutions and qualify potential vendors;
- Develop and distribute a request for Proposal (RFP) to potential vendors to assist you in making a selection and managing the process. An RFP will typically include:
 - Company and situational background;
 - Project objectives;
 - Request for vendor profile (background, relevant experience, number of similar mandates conducted, etc.);
 - Request to define approach (how will confirm budget, timing, development, testing, training, key milestones, etc.);
 - A checklist of the features you want. For each requirement, ask the vendor to indicate if their proposed system (A) can handle the functionality without need for modifications; (B) can handle the functionality with some minor coding; (C) cannot handle the functionality;
 - Description of the proposed technology platform, if any technology is proprietary and what provisions are made for ownership of the software and access to its source code in the event of the developer's failure;
 - A detailed workplan, timeline and fee quotation, including implementation, training, support and annual maintenance (if they are unable to provide, ask them to indicate any further analysis that must be done, including any associated cost);

- Description of your vendor selection process:
 - Initial submission should indicate a reasonable price range based on the information provided in the RFP;
 - Based on this submission, you should prepare a short-list of preferred vendors. Each short-listed vendor should be invited to demonstrate their proposed solution;
 - Prior to the demonstration, the vendor should be provided an opportunity to tour your facility, evaluate and clarify all pricing implications, and to discuss alternative solutions;
 - The preferred vendor should be asked to complete a thorough gap-fit analysis to confirm the amount of work to be done. Upon completion of this analysis, the vendor should be required to provide a fixed price range, including customisations, enhancements and any other work that may be required;
- A request for references;
 - Receive the RFP responses and compile the results. Identify a short list of candidates based on RFP responses;
 - Invite short listed vendors to meet with you to review your needs. Ask vendors to demonstrate how their system can handle your most critical needs;
 - Review findings and prepare a list of follow up questions, if any, and obtain answers from vendors;
 - Select a preferred vendor and do reference checks.

For more information about designing, planning, developing, testing and refining websites, see the US Department of Health and Human Services site www.usability.gov.

Selling Online

Online shopping continues to surge in popularity. A 2008 Nielsen Global Online Survey found that “more than 85% of the online world has used the Internet to make a purchase – increasing the market for online shopping by 40% in the past two years.” The study found that 36% of users purchased clothing, accessories or shoes online, making it one of the more popular categories.

Intuitively, one would expect that certain products lend themselves much better to online selling such:

- Accessories where size is not a major factor;
- Repeat purchases where consumers are already familiar with a company, its products, fabrics, qualities and sizing;
- Highly niched products not available locally or readily available in stores.

Conversely it could be more difficult to sell online when:

- The product or a substitute is available in local stores;
- Key attributes such as fabric, quality and sizing must be personally experienced to be properly assessed.

For those planning to sell online, your plan must include:

- Establishing an e-commerce presence (either internally or hosted by a third party);
- Promoting your business;
- Pre-sales support;
- Payment processing;
- Shipping, returns and after sales support.

For more information, see the Government of Canada's e-business guides and tools available at www.canadabusiness.ca.

Promoting Your Business on the Internet

In order to help promote your business online, consider the following techniques:

- Get articles published online on relevant referral websites;
- Publish press releases;
- Advertise online:
 - Text ads;
 - Banner ads;
 - Ads sold through an ad network (which sell advertising for a large number of sites);
 - E-mail campaigns to existing customers (ensure you comply with anti-spam legislation);
- Participate in web-based affiliate programs:
 - Pay a commission to a website that links to your site when customers click through and purchase online;
- Advertise on select search engine results pages:
 - Purchase text ads on results pages for search engines such as Google or Yahoo by bidding for keywords and key phrases;
 - Explore which search engine is best for you. While Google is the market leader, different sites may attract more specific demographics that may be desirable for your campaign. Furthermore, check the cost effectiveness of the various sites;
 - Refine your ads and your keywords over time by monitoring performance;
 - Consider using a cost-per-acquisition model to assess effectiveness and to validate if less expensive advertising (i.e.: the fourth and fifth ad on the page versus the first ad on the page) generates more return on investment;
 - Consider planning your ads by time and day to best reach your target;
- Improve your search engine ranking to help companies find you:
 - Incorporate key search words into your website to boost your ranking (the more times a keyword is used on a page, the higher the ranking result);
 - Secure links to your site (preferably that include your key words) from other popular, relevant, high quality and reputable sites.

Due to the rapid changing nature of this field, be sure to review the tools offered by various search engines as well as industry publications on a regular basis. You may also wish to engage consultants that specialize in this field.

XI. DETAILED MARKETING ACTIVITIES PLANNING

Based on your marketing strategy, prepare a list of events to coincide with your operational calendar. Include in your plan:

- Type of activity (catalogue, trade shows, point of purchase displays, online advertising campaigns, etc.);
- Start and end date of each activity;
- Activity objectives;
- Details of what will be done to achieve objectives (consider pricing, product, promotional and distribution strategies);
- How you will measure success;
- The cost of each activity.

The end product should be a clear road map that can be used to operationalize internal marketing resources, coordinate activities with other departments such as sales and direct external agencies and resources.

XII. MARKETING HUMAN RESOURCES

Based on your detailed marketing activities planned, for each initiative, identify:

- Key internal personnel and the roles they will fill within each project;
- Human resource gaps and plan to close the gaps, i.e. specific external resources to be used;
- Key third party relationships such as important suppliers, agents, advisors and other professionals.

See the AHRC website for typical job descriptions for positions within the marketing department.

XIII. MARKETING BUDGET

Based on your detailed marketing activities and your available and required human resources, prepare a monthly budget for each project identified. For example, your budget could appear as follows:

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Catalogues													
Price lists													
PoP displays													
Tradeshows													
Website upgrade													
Press releases													
Product give-aways													
Media events													
Co-Op ads													
Total													

Details for each item should also be developed. For example, the details of your catalogue budget could be presented as follows:

Catalogue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Design-In-house													
Printing-ABC printers													
Distribution-in-house													
Total													

To prepare your budget, use prior year costs and adjust as necessary or get preliminary quotes. Be sure to list all your assumptions used for each of your estimates.

--- SALES PLANNING ---

I OVERVIEW

Once you have a clear marketing plan to help get you in the door, it's the sales department's job to close the deal.

You must plan whether to build an internal sales force or use agents. You must identify the customers you want to target, develop and implement your sales plan.

The following sections will help provide you with information to help plan your sales efforts and includes information on the following topics:

- Using sales representatives versus sales agents;
- Hiring sales representatives;
- Finding sales agents or distributors;
- Identifying retailers to target;
- Developing and implementing the sales plan.

II. SALES REPRESENTATIVES VERSUS SALES AGENTS

Your business may be at the point of needing additional sales personnel. A common question that arises is whether to engage your own sales personnel (sales representatives) or use outside agents.

In making the decision, consider the following:

- Does your product require a complicated selling process? If so, will non-exclusive sales agents take the required time to make the sale?
- Do your target customers currently deal with sales agents or directly with companies?
- Do your target customers prefer working with sales agents? Is it a “closed community” based on inside referrals?
- Do sales agents have more and better relevant contacts to target customers than you have or that a sales representative that you can hire may have?
- Can you more easily motivate a sales representative or a sales agent to get results?
- Can you find, train and manage an appropriate sales representative or is it more practical to manage an external resource?

No matter what your choice, the following sections will provide guidance in hiring sales representatives and finding sales agents.

III. HIRING SALES REPRESENTATIVES

As with any other position, prior to hiring a sales representative, you should develop a job description, including:

- An outline of the tasks they are expected to perform (i.e.: sales lead generation, follow up, closing sales, customer service, after sales support, internal administration and reporting, etc.);
- An allocation of how much time you expect them to spend on each major task;
- Expectations of how much time they should be on the road versus in the office;
- Objectives and targets; measures of success, etc.;
- Possible growth opportunities;
- Experience, qualifications required.

Initially, you may require the sales representative to perform other sales or administrative tasks. Be sure to include these in the job description and adjust the compensation package accordingly. As a word of caution, sales representatives can usually be most productive when on the road selling. Create a profile that allows them to provide you with the maximum benefit for cost and capabilities.

You should also be prepared to outline a compensation package. In most instances, sales representatives will earn a base and a commission. The base component should generally compensate the rep for normal day-to-day business functions, but be low enough so that they feel the need to earn a decent commission. While a base is usually set low, commissions are usually set high to encourage strong performance.

Regardless of the commission structure chosen, the actual commission package should be crafted with care as it will determine the motivations and actions of sales reps. For instance, consider a structure where reps are paid a higher commission rate for opening a new account versus a lower rate for servicing an existing account. Such a system may encourage reps to spend time opening new accounts to the detriment of servicing existing accounts.

Although you will have to develop a package that is competitive in order to attract suitable candidates, ensure that it ultimately meets your needs and will drive your sales rep to work in your best interests. To do so, consider aligning the commission structure to that of your business objectives and segment profitability. This can be done by reviewing your segmented profitability (see the Strategic Planning Toolkit) and factoring in the impact of your sales commission plan. For example:

- Which channels of distribution are most profitable for you?
- Which product categories are more profitable for you?
- Which new markets is it most important for you to succeed in?

In doing so, aligning your goals with that of your sales rep can help ensure that you are getting the maximum benefit for your sales commissions paid.

IV. FINDING SALES AGENTS OR DISTRIBUTORS

You may find you need a sales agent or distributor that is heavily connected into a wide network. One method of finding such a contact is to work backwards, i.e.:

- Visit the retail outlets where you would like to sell your products;
- Show the retailer your line, confirm that it is sufficiently differentiated from products already available; gain some retailer interest;
- Have the retailer recommend and provide you with the names of agents / distributors that they believe may be best suited for your product;
- Research the other lines carried by the agent / distributor;
- Build your argument to the agent / distributor of why your product is different and why it would be a good addition for their business (are your sell-through rates higher than the competition; are your price points more favourable, do you have better on-time delivery, are specific retailers asking for your product, can you pay your agents / distributors faster, etc.);
- Develop a working arrangement with the agent / distributor that provides them with incentive to work with you.

Beyond consulting with your targeted retailers, consult with your AHRC mentor or search online portals such as AHRC's website or the Canadian Apparel Federation at www.apparel.ca.

See the Operations Toolkit for a discussion on finding distributors in other countries.

V. IDENTIFYING RETAILERS TO TARGET

Identifying US Retailers

As discussed in other areas of the Toolkit, the US market is of prime importance to Canadian apparel companies. While many Canadian companies are aware of the major US retailers, many are not aware of the multitude of regional chains which can represent extremely large customers for the typical Canadian apparel company.

As a result, in 2006 AHRC commissioned a study to identify and provide details of these retailers defined as those regional chains having between 4 and 100 locations and operating in no more than 15 states. Findings are presented in two formats: by product category or by geographic region.

Each regional report contains basic regional demographic and economic information. It then goes on to provide “Tactical Information Sheets” which provides the following information for each retailer identified:

- Address, telephone number, web site, contact information, etc.;
- Total annual sales in dollars, number of stores, average selling square footage per store;
- Product categories sold and their importance in the overall product mix;
- Price points for the major segments;
- Information with respect to any private labels they sell;
- Customer profile (age, ethnicity, average income level);
- Retailer business practices (EDI, bar coding, centralized purchasing and receiving, etc.);
- Details of store conditions (when renovated);
- Top four retail competitors;
- Awareness of specific Canadian manufacturers.

The report includes information on approximately 550 retailers and is available for a minimal fee from AHRC.

Identifying Canadian Retailers

Since Canada is a relatively small market, identifying potential retailers is less of a challenge than in the United States. The market is dominated by easy to find department and specialty stores. You can simply search through the listings of major malls to identify many of these retailers. To find independent boutiques, consider using category searches on web sites such as the yellow pages.

VI. DEVELOPING AND IMPLEMENTING THE SALES PLAN

Now that you have your resources in place and have identified possible target customers, build a sales plan by considering the following process:

Identify the Market Potential

- Determine the total market size in dollars and units for your product within its niche and chosen distribution channels;
- Break down the total by geographic region, carving out the regions that you intend to target;
- Compare your total sales per region with the region's market size for your product to estimate your market share;
- Identify your major competitors and attempt to assess their market share in each region (review public company data, prepare estimates based on apparent square footage they occupy in stores, etc.);
- Based on the market size and strength of competition, establish a market share goal for each region;
- Convert the market share goal into an overall dollar and unit sales forecast.

Identify the Potential Sales Targets and Forecast

- Prepare a list of all current and possible sales doors;
- Break the list down by geographic region and district;
- Determine how many doors you can possibly sell to in each region (i.e.: a boutique may not want to carry your line if you currently service its major competitors);
- For current customers, estimate how your sales for the coming period will be impacted. Consider external factors (such as the economy, foreign exchange, the competition, etc.) as well as your internal factors (such as changes in your product mix, average price points, changes in marketing efforts, etc.);
- Estimate how many new doors you can realistically open in each region and estimate a realistic sales amount in dollars and units for each target;
- Total your sales forecast and compare it to your targeted sales in terms of market share;
- Was your initial market share estimate realistic? If not, readjust your target or revisit your plan to achieve your forecast.

Develop an Integrated Plan to Achieve the Forecast

- Coordinate efforts with specific marketing initiatives to achieve sales in critical stores;
- Coordinate efforts with general marketing initiatives that can be used throughout the channel;
- Conclude on resources to be used in each market on each product line (reps, agents, distributors, etc.);
- Plan the frequency and nature of contact with stores as well as store visits;
- Ensure sufficiency of incentives for sales personnel;
- Coordinate all other specifics: trade shows to attend, promotional activities, etc.

Implement the Plan, Track Actual Performance and Initiate Corrective Actions

- Implement the sales and marketing initiatives;
- Continuously monitor actual performance to forecast;
- Identify areas where targets are not being met;
- Identify root causes of shortfalls;
- Develop corrective action plans in season in order to attempt to achieve targets. Consider new marketing initiatives including pricing and promotional opportunities;
- Monitor available to sell reports to ensure that supply is in line with demand. Decide whether to allow stock-outs or to replenish in season;
- Recommend adjustments to planned production in season based on actual sales trending;
- Develop clearance plan for overstocks.