



Soapy Rides Car Wash — Sample Plan

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1.0 Executive Summary

Soapy Rides Car Wash will be the prominent car wash for luxury vehicles in East Meadow, Long Island. It is owned by Mark Deshpande, a young entrepreneur who has worked in the family car repair business for over 10 years. Having owned a car repair shop in East Meadow for over 30 years, the Deshpande family is well known and respected in the neighborhood.

The differentiator for Soapy Rides (SR) will be Mark and the Deshpande name. It is believed that people will come to the car wash not only to have their cars cleaned and detailed, but also as a social outing to meet up with and chat with Mark and his father Barry. Additionally, the car wash will provide excellent service, efficiently and expertly cleaning customer's cars so that they will be repeat users of the service.

The car wash will be based in East Meadow, New York. This area has a number of benefits in terms of the market that it will provide for the business. Over 40% of households in the immediate neighborhood earn over \$70,000 annually. Many provision for the company. John is a family friend and has worked with the Deshpande family for 23 years. He has worked with hundreds of small- and medium-sized businesses during his career.

Soapy Rides will have 20% market share of the hand car wash business in the East Meadow neighborhood by the end of year three, and it aims to convert a larger percentage of people away from machine car washes, which damage a car's finish. Soapy Rides will maintain a 95% gross profit margin and make 11% net profit margin after 12 months of operation.

Table: Sales Forecast

Sales Forecast	2003	2004	2005
Sales			
Individuals	\$76,086	\$123,033	\$165,662
Businesses	\$6,431	\$8,776	\$9,988
Total Sales	\$82,517	\$131,809	\$175,650
Direct Cost of Sales			
Individuals	\$3,804	\$6,152	\$8,283
Businesses	\$322	\$439	\$499
Subtotal Direct Cost of Sales	\$4,126	\$6,590	\$8,783

2.0 Situation Analysis

Soapy Rides is entering their first year of operation. Mark believes that a comprehensive marketing strategy will be key to the success of the business. Soapy Rides offers a premium hand car washing service provided by a well-known local family. The basic market need is a premium car washing service that is far less abrasive than the traditional automatic car washes.

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2.1 Market Summary

Soapy Rides possess good information about the market and knows a great deal about the target customers. This information will be leveraged to better understand who is served, their specific needs, and how Soapy Rides can better communicate with them.

Target Markets

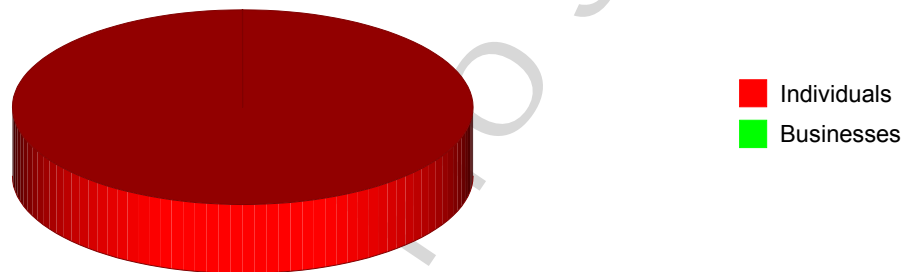


Table: Market Analysis

Market Analysis	Growth	2003	2004	2005	2006	2007	CAGR
Potential Customers							
Individuals	12%	43,000	48,160	53,939	60,412	67,661	12.00%
Businesses	1%	9	9	9	9	9	0.00%
Total	12.00%	43,009	48,169	53,948	60,421	67,670	12.00%

2.1.1 Market Demographics

The profile for Soapy Rides' target customer consists of the following geographic, demographic, and behavior factors:

Geographics

- The immediate geographic target is the city of East Meadow, NY.
- A 25 mile radius is in need of the services, however, 87% of the business will be from a seven mile radius.
- The total targeted population is just over 43,000.

Demographics

- Male: female- 63%: 37%. The reason for this discrepancy in the male to female ratio is generally explained by the fact that men typically care more about their automobiles. Men are more likely to spend money on their cars with accessories and are more likely to buy a car as a reward for some accomplishment as a treat for themselves. Women tend to view cars more so as an object of utility. Using this line of

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reasoning, women are more likely to use the automatic car wash as they are less concerned about preserving their "precious" car.

- 40% of the households have an income exceeding \$70,000.
- 73% of the target population have an undergraduate degree, 39% have a graduate degree.

Behavior Factors

- 43% of the target customers lease their cars.
- Individual and family image is personified by the type and condition of the automobile that they have.

2.1.2 Market Needs

Soapy Rides is providing the market with a premium hand car wash service for the East Meadow community. SR seeks to fulfill the following benefits that are important to the customers:

- Exemplary customer service- The target customers have money and are used to having excellent customer service. They will not regularly use SR unless they receive excellent service.
- High quality washes- The target market value a higher quality wash for their upper-end cars.
- Convenience- The hours of operation as well as the time needed to provide the service must be convenient and fast respectively, to gain market share.

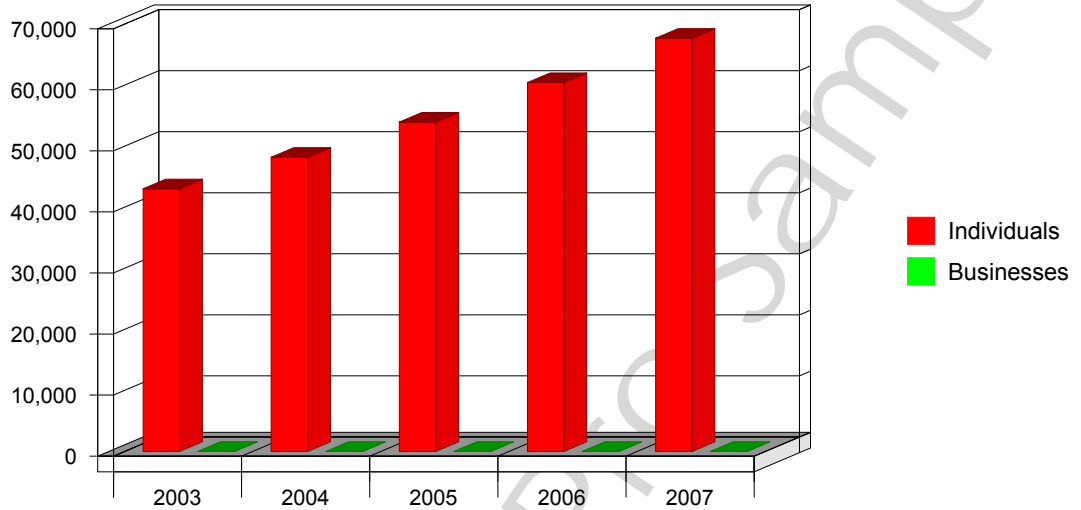
2.1.3 Market Trends

The market trends for the car washing industry has been a gravitation from hand washing to automatic washing machine facilities. This trend has been fueled by the progression of technology. The automatic washing machines have become less expensive and more efficient over the last few years to the point that it is typically cost effective to invest in these machines.

While one might presume that this would lead to the demise hand washing, the abrasiveness of the machines will never be appropriate for expensive automobiles. This trend will luckily not have a significant impact on hand washing facilities that have a sufficiently large customer base that possess expensive cars. Luckily for Soapy Rides which does have an upper end clientele, market supply will decrease and demand will increase.

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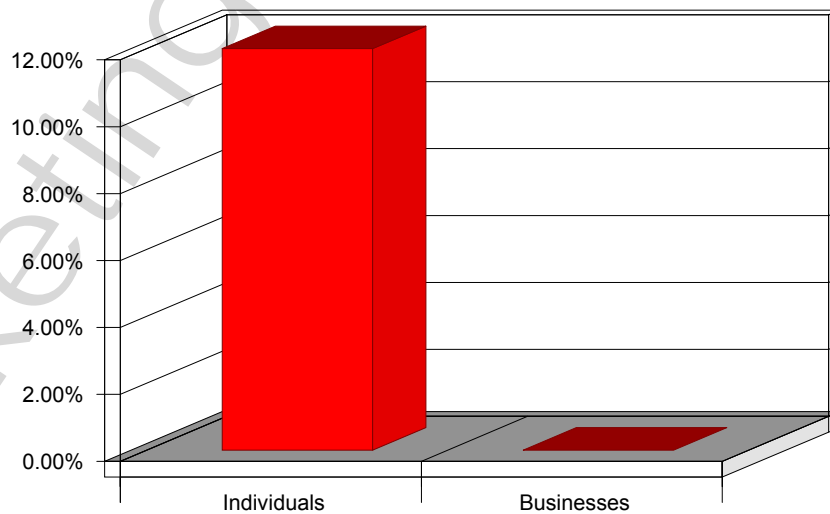
Market Forecast



2.1.4 Market Growth

The car washing market has seen steady, 4% growth for the last six years. 4% growth is forecasted for the next four years.

Target Market Growth



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2.2 SWOT Analysis

The following SWOT analysis captures the key strength and weaknesses within the company, and describes the opportunities and threats facing Soapy Rides.

2.2.1 Strengths

- Good relationships with many perspective customers in the target market.
- Strong family name recognition and equity in the community.
- Well trained employees.

2.2.2 Weaknesses

- The need for reliance on outside investors.
- The learning curve associated with entering an industry without direct prior experience.
- The need to have a fairly constant volume of business to support the necessary service staff.

2.2.3 Opportunities

- Participation within a steadily growing industry.
- A high likelihood of repeat business.
- The ability to decrease the fixed costs as a percentage of an individual sale as volume increases.

2.2.4 Threats

- Future/ potential competition from a franchised firm.
- A slump in the economy, reducing discretionary spending.
- The perception that there is not a difference in quality between a hand and machine wash.

2.3 Competition

There is one other hand car wash shop in East Meadow. It is quite new and is trying to compete with automatic car washes by offering low prices. However, it is not targeting the customers who seek quality cleaning.

The customers who Soapy Rides is targeting have their cars washed based on the quality of the job. They do not mind spending a little more each week to have their car washed and waxed in order to keep the paint work in excellent shape. The businesses that Soapy Rides targets will be more cost conscious, so prices will be approximately 30% less for these customers to promote volume usage.

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2.4 Services

Soapy Rides will provide the following services:

- Car washing (exterior).
- Car cleaning (interior).
- Car detailing.

2.5 Keys to Success

Soapy Rides keys to success are:

- High quality services.
- Benchmarked customer service.
- Convenience.

2.6 Critical Issues

Soapy Rides is still in the speculative stages as a start-up organization. Its critical issues are:

- Continue to take a modest fiscal approach, expand at a reasonable rate, not for the sake of expansion in itself, but because it is economically wise to.
- Build brand awareness, increasing the customer base and developing brand equity.
- Establish Soapy Rides as the premier hand car wash service provider in the East Meadow area.

3.0 Marketing Strategy

The marketing strategy will be to develop brand equity, increase customer awareness of Soapy Rides, and build the customer base. The strategy will use several different methods to achieve these goals.

3.1 Mission

The mission of Soapy Rides is to provide top-quality washing and detail service for luxury car owners in East Meadow, NY. Soapy Rides will work to keep employees satisfied in order to maintain impeccable customer service.

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3.2 Marketing Objectives

- Increase repeat customers by 4% a quarter.
- Steadily increase market share every quarter.
- Develop brand awareness and acceptance, quantified by a decrease in customer acquisition costs.

3.3 Financial Objectives

- Increase the profit margin by .5% a quarter.
- Achieve a double digit growth rate each year for at least the first three years.
- Develop efficiencies in the delivery of the service through advanced training and work-flow analysis.

3.4 Target Marketing

Soapy Rides segments its customers by type of car ownership. SR believes that the type of car that a person owns says volumes about their driving, and, therefore their car washing and detailing requirements.

1. New car owners: Owners of newer cars are most likely to use a hand car washing service. These owners take great pride in their cars and will bring them often to the wash and detail service. The goal with these customers is to promote regular use of the wash and detail service. The aim is to inform these customers that Soapy Rides will keep their car looking as good as it did the day they drove it off the lot.
2. Older luxury car owners: These people have either owned their high-end luxury cars for several years or are unable to afford the expense of a new luxury car but want the feel of relaxed driving. Both of these groups want to keep their cars in the best shape possible. Those who have bought second-hand cars will often spend many hours in their cars and will place high importance on keeping their cars looking good. These owners will bring their cars in for regular washes and occasional details.
3. Sports car owners: These people are often younger or middle-aged men and will regard the look of their car as important. They will also pride themselves on the look of their car and will have their car hand washed (at least) weekly. These drivers will have an occasional detail, but will keep their cars so clean the detail will not be necessary very often.
4. Lifetime owners: Many of these people have owned their cars for more than five or six years, and are more likely to be women. They are attached to their cars as friends and though it may be more sensible for them to purchase a new car, they will bring their car in for a wash occasionally, just when the car is dirty. They like their cars to look presentable, and want to keep it in good shape but are not tied up in the look of their car. For this reason, they will not have a detail carried out on their car unless they are selling it.
5. Dealerships: There are five new and used car dealerships within three miles of the proposed location of Soapy Rides. These dealerships often use outside car wash services to detail their vehicles before they are put up for sale. In addition, there are fifteen other car dealerships within a seven-mile radius of Soapy Rides.
6. Local businesses: Some local businesses have fleets of cars and small vans that must be kept clean to maintain their company image. These businesses will be looking for a cost effective, efficient car washing service to perform this service, and will prefer to use a car wash service during the week rather than during weekends, like the general

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public.

Please note for analysis purposes in regards to the charts and graphs, the different segments will be grouped into individuals and businesses. This will be done to allow the charts and graphs to have a clean look that will aid in the ability to quickly discern information from them.

3.5 Positioning

Soapy Rides seeks to position themselves as the premier hand auto washing service provider in the East Meadow area. This positioning will be achieved by leveraging their competitive edge:

Soapy Rides' competitive edge will be Mark Deshpande and the quality of the family name in the East Meadow area. As mentioned, the family has been in the car business for over 30 years, and has an excellent reputation and a myriad of both business and personal contacts. In addition, Mark has put a great deal of emphasis on creating a system that is both fast and efficient, which will keep costs, in terms of time spent per car, to a minimum.

3.6 Strategy Pyramids

The single objective is to position Soapy Rides as the premier automobile hand washing company in the area, steady increasing market share. The marketing strategy will seek to first create customer awareness, develop a customer base, and work toward building customer loyalty.

The message that SR will seek to communicate is that their hand washes are superior to the machine washed alternatives that can actually cause harm to cars. This message will be communicated through several different methods. The first method is the placement of advertisements in the local newspaper. The local paper, The Islander, is well read and will reach a high portion of the target market segment.

The second method will be networking. Mark will leverage the equity already earned by his family from years of local business dealings. The networking will be a good source of customers as Mark's family has developed significant trust relationships with many within their community.

The last method of communication for SR's marketing pyramid is the use of coupons within The Islander. The use of coupons will likely introduce people who are not yet familiar with Mark's family to SR and the services that they offer.

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3.7 Marketing Mix

Soapy Rides marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

- Pricing- The pricing scheme is based on a per service price. A "Soapy Card" can be purchased which provides a volume discount to the user.
- Distribution- The offered services will be distributed from SR's facilities.
- Advertising and Promotion- SR will use several different methods for advertising and promotion.
- Customer service- Exemplary customer service will be provided.

3.8 Marketing Research

During the initial stages of the marketing plan development Mark performed primary market research in the form of a questionnaire/ survey. Mark outsourced the development of the survey to a local Professor of Statistics. While Mark could have developed the survey in-house, the end result was a far more valid and statistically significant product .

The survey was handed out to a total of 150 people within the target market. 54 surveys were returned completed. The results of the survey provided valuable insight into the customer preferences as well as the decision making process of the target market. While some of the already held assumptions were confirmed, the survey provided Soapy Rides with new information that would have been otherwise unavailable.

4.0 Financials, Budgets, and Forecasts

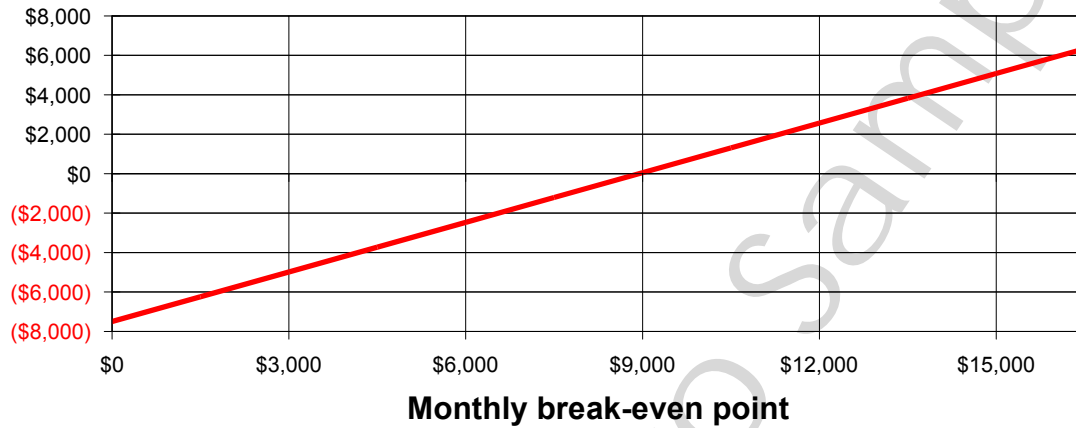
This section will offer a financial overview of Soapy Rides as it relates to the marketing activities. SR will address Break-even Analysis, sales forecasts, expense forecasts, and how they relate to the marketing effort.

4.1 Break-even Analysis

The break-even analysis indicates that \$9,122 is needed in monthly revenue to break-even.

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Break-even Analysis



Break-even point = where line intersects with 0

Table: Break-even Analysis

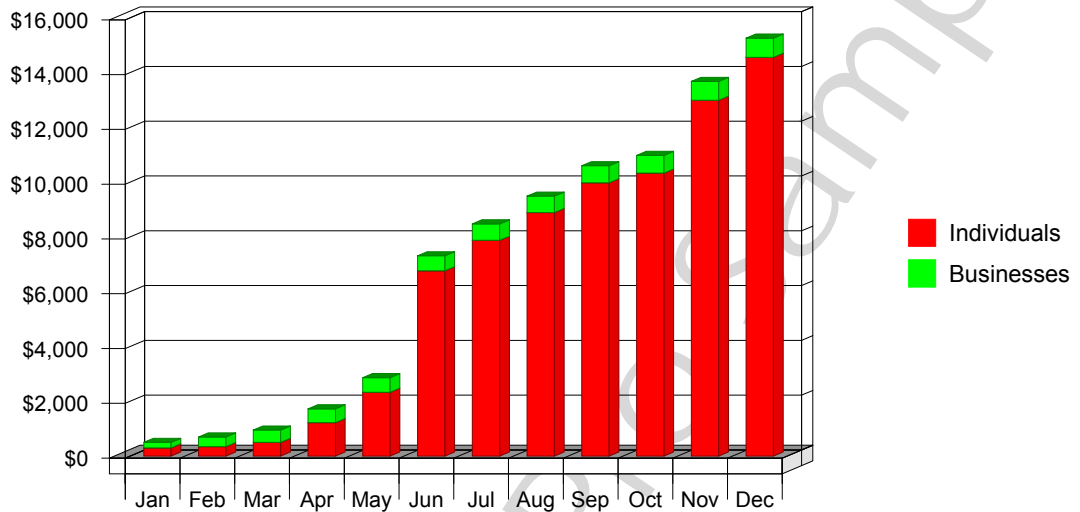
Break-even Analysis:	
Monthly Units Break-even	203
Monthly Revenue Break-even	\$9,122
Assumptions:	
Average Per-Unit Revenue	\$45.00
Average Per-Unit Variable Cost	\$8.00
Estimated Monthly Fixed Cost	\$7,500

4.2 Sales Forecast

The following chart forecasts sales based upon the Market Segmentation Strategy. Sales are seasonal in this industry, tending to be higher in the warmer summer months, and to drop off in the winter. However, SR will aim to flatten sales across the sales cycle by targeting segments that will want to keep their cars clean and looking good year round.

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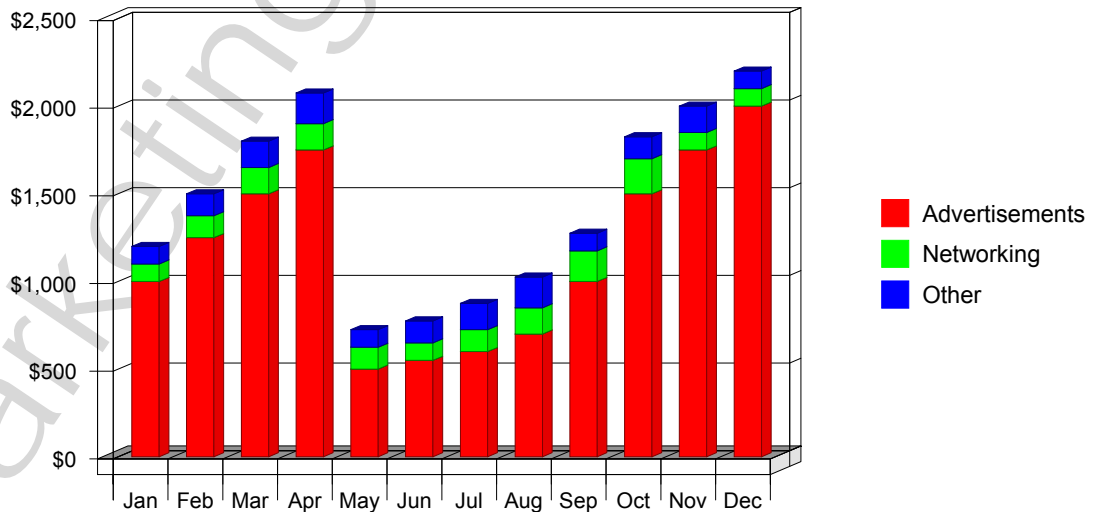
Monthly Sales Forecast



4.3 Expense Forecast

The expense forecast will be used as a tool to keep the department on target and provide indicators if corrections need to be made. Additionally, it will require the department to undertake long-term analysis.

Monthly Expense Budget



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Table: Marketing Expense Budget

Marketing Expense Budget	2003	2004	2005
Advertisements	\$14,100	\$19,000	\$24,000
Networking	\$1,600	\$2,000	\$2,500
Other	\$1,575	\$1,500	\$1,500
<hr/>			
Total Sales and Marketing Expenses	\$17,275	\$22,500	\$28,000
Percent of Sales	20.94%	17.07%	15.94%
Contribution Margin	\$61,116	\$102,719	\$138,868
Contribution Margin / Sales	74.06%	77.93%	79.06%

5.0 Controls

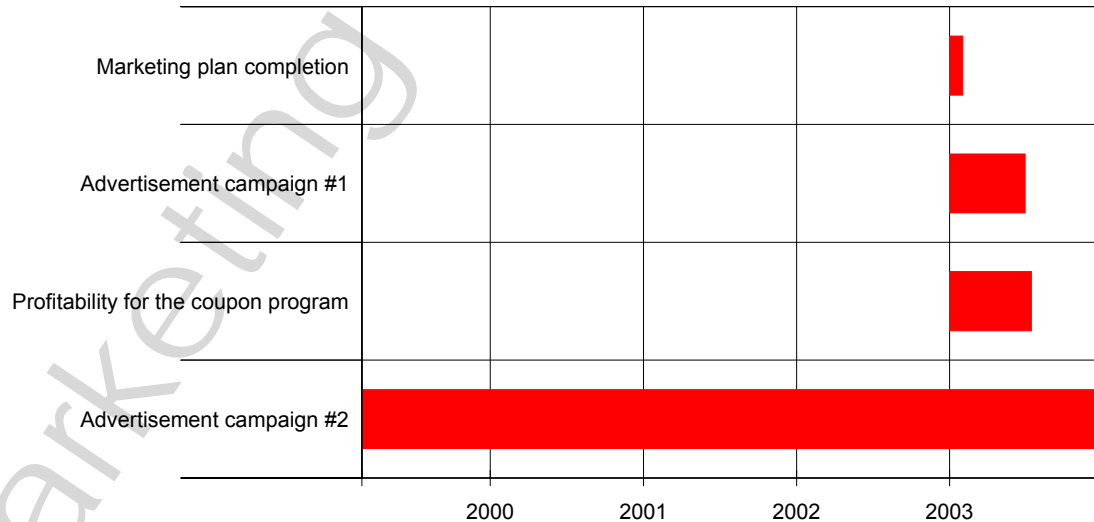
The purpose of SR's marketing plan is to serve as a guide for the organization. The following areas will be monitored to gauge performance:

- Revenue- monthly and annual.
- Sales- 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.

Milestones



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Table: Milestones

Milestones Milestone	Start Date	End Date	Budget	Manager	Department
Marketing plan completion	1/1/03	2/1/03	\$0	Mark	Marketing
Advertisement campaign #1	1/1/03	6/30/03	\$6,550	Mark	Marketing
Profitability for the coupon program	1/1/03	7/15/03	\$1,005	Mark	Marketing
Advertisement campaign #2	3/1/99	12/30/03	\$7,550	Mark	Marketing
Totals			\$15,105		

5.2 Marketing Organization

Mark Deshpande will be responsible for the marketing activities.

5.3 Contingency Planning

Difficulties and Risks

- Problems generating visibility.
- Overly aggressive and debilitating actions by competitors.

Worst Case Risks May Include

- Determining that the business cannot support itself on an ongoing basis.
- Having to liquidate equipment to cover liabilities.

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Appendix Table: Sales Forecast

Sales Forecast												
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Individuals	\$300	\$345	\$500	\$1,222	\$2,333	\$6,766	\$7,878	\$8,890	\$9,976	\$10,332	\$12,990	\$14,554
Businesses	\$200	\$350	\$450	\$500	\$532	\$544	\$598	\$601	\$623	\$644	\$687	\$702
Total Sales	\$500	\$695	\$950	\$1,722	\$2,865	\$7,310	\$8,476	\$9,491	\$10,599	\$10,976	\$13,677	\$15,256
Direct Cost of Sales												
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Individuals	\$15	\$17	\$25	\$61	\$117	\$338	\$394	\$445	\$499	\$517	\$650	\$728
Businesses	\$10	\$18	\$23	\$25	\$27	\$27	\$30	\$30	\$31	\$32	\$34	\$35
Subtotal Direct Cost of Sales	\$25	\$35	\$48	\$86	\$143	\$366	\$424	\$475	\$530	\$549	\$684	\$763

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Appendix Table: Marketing Expense Budget

Marketing Expense Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Advertisements	\$1,000	\$1,250	\$1,500	\$1,750	\$500	\$550	\$600	\$700	\$1,000	\$1,500	\$1,750	\$2,000
Networking	\$100	\$125	\$150	\$150	\$125	\$100	\$125	\$150	\$175	\$200	\$100	\$100
Other	\$100	\$125	\$150	\$175	\$100	\$125	\$150	\$175	\$100	\$125	\$150	\$100
Total Sales and Marketing Expenses	\$1,200	\$1,500	\$1,800	\$2,075	\$725	\$775	\$875	\$1,025	\$1,275	\$1,825	\$2,000	\$2,200
Percent of Sales	240.00%	215.83%	189.47%	120.50%	25.31%	10.60%	10.32%	10.80%	12.03%	16.63%	14.62%	14.42%
Contribution Margin	(\$725)	(\$840)	(\$898)	(\$439)	\$1,997	\$6,170	\$7,177	\$7,991	\$8,794	\$8,602	\$10,993	\$12,293
Contribution Margin / Sales	-145.00%	-120.83%	-94.47%	-25.50%	69.69%	84.40%	84.68%	84.20%	82.97%	78.37%	80.38%	80.58%