

Smart Weights Export Marketing Plan

HiFlex Physio

Important

Throughout this document, 20XX is used to represent the current year of HiFlex Physio' operations. 20 XX+1, 20XX+2, and so on are used to represent the following years of operation

Executive Summary

HiFlex Physio is a multi-centre provider of fitness and weight training across Australia. Two (2) years ago HiFlex Physio developed the Smart Weights which are a new style weight useful for toning and bulking. It can be used in traditional settings such as fitness centres and gyms, or in the home as a productive adjunct to the home fitness regime.

This product has been a great success in Australia and the intention is to export into New Zealand where HiFlex Physio currently has four (4) Centres operating successfully where the Smart Weights are being used.

Customers have sought to purchase these weights for personal use as it provides them with a point of differentiation to the routine fitness workouts and equipment. In the past two (2) years, demand for the Smart Weights has increased and HiFlex Physio has chosen to capitalise on this demand.

A new series of weights will be developed and released on an annual basis. The keys to success are:

1. Establishing and maintaining working relationships and contractual agreements with HiFlex Physio New Zealand and other wholesalers.

2. Bringing a new product per year to maximum availability within three (3) years of operation.

3. Increasing the profit margin with the use of improved technology in the design and production of new product.

4. Effectively communicating to current and potential customers, through targeted efforts, our position as a differentiated provider of the highest quality personal fitness equipment in New Zealand.

Fitness has been a growing industry for the past five (5) years. The most notable growth has been in the New Zealand market where attendances at HiFlex Physio Centres and the use of their Personal Trainers have increased almost one hundred (100) per cent and the market price has nearly doubled. The number of fitness centres and gyms has increased from a handful of well-known companies to dozens of independent entities nationally. There is a constant struggle within this market to produce the best training and develop one or more niches within the larger market. Fitness providers have made great efforts to improve techniques, routines, and customer service in order to better serve this growing market.

By providing the equipment, HiFlex Physio has taken the first step towards a differentiated product. To further distinguish their business, HiFlex Physio adheres to higher quality standards than approximately ninety-five (95) per cent of the market. In addition, all of the equipment will be locally distributed, providing a small number of jobs in Auckland. The product will be made to the highest quality standards and the unique design will be strongly featured in the marketing.

Sales Forecast

HiFlex Physio is a multi-centre provider of fitness and weight training across Australia. Two (2) years ago HiFlex Physio developed the Smart Weights which are a new style weight useful for toning and bulking. It can be used in traditional settings such as fitness centres and gyms, or in the home as a productive adjunct to the home fitness regime.

Sales	20XX	20XX+1	20XX+2
HiFlex Physio Centre	$1,052,770	$1,344,345	$1,677,875
Others	$1,321,088	$1,899,876	$2,234,434
Total Sales	$2,373,858	$3,244,221	$3,912,309

Direct Cost of Sales	20XX	20XX+1	20XX+2
HiFlex Physio Centre	$792,653	$1,139,926	$1,340,660
Others	$631,662	$806,607	$1,006,725
Subtotal Direct Cost of Sales	$1,424,315	$1,946,533	$2,347,385

Situation Analysis

HiFlex Physio has been in business for eleven (11) years. The business has been well received and marketing will be the key to elevate the business to the next level. The basic market need is a source of high quality weight equipment that exceeds the quality of almost all weight equipment on the market.

Market Summary

HiFlex Physio possesses good information about the market and knows a great deal about the commit attributes of the targeted customers. This information will be leveraged to better understand who is served, their specific needs, and how HiFlex Physio can better communicate with the target market.

Market Analysis		20XX	20xx+1	20xx+2	20xx+3	20xx+4	
Potential Customers	**Growth**						**CAGR**
HiFlex Physio Centres	26%	70,140	88,376	111,354	140,306	176,786	26.00%
Others	26%	30,060	37,876	47,724	60,132	75,766	26.00%
Total	26.00%	100,200	126,252	159,078	200,438	252,552	26.00%

Market Needs

HiFlex Physio is providing its customers with high quality weights, exceeding the quality of almost every weight on the market. HiFlex Physio seeks to fulfil the following benefits that are important to their customers:

- Quality product
- Safe and productive workouts
- Timely, reliable and professional service.

Market Trends

Fitness is a growing industry. The Government has established initiatives encouraging the attainment of healthy weight, consuming of healthy diets, exercise to all ages and income levels within the community nationally over the past several years, and forecasts continuance for at least the term of the current Government.

The increasing interest in personal fitness has contributed to, and the requests, to purchase are an indicator of the increased demand for Smart Weights. Within the larger fitness market is the need for locally produced, cheaper, and better quality weights that are able to be managed by all potential users – not just those wishing to ‘bulk up’.

Market Growth

The fitness industry has been growing for the past fifteen (15) years. Growth in New Zealand has been notable in the last ten (10) years where attendances at classes have increased almost one hundred (100) per cent. There is a great demand by participants for new routines and variety in how they improve their fitness. Smart Weights fills that need by increasing the value of the workout, can be done in the fitness centre or gym, or in the home, and adds variety to the use of weights over traditional designs and uses.

SWOT Analysis

The following SWOT analysis captures the key strength and weaknesses within the company, and describes the opportunities and threats facing HiFlex Physio Bowling Centre.

Strengths

- Strong relationships with current customers as well as other fitness and gym providers.
- The use of the highest quality raw materials and design.
- Sophisticated technology that drives production costs done while ensuring quality.

Weaknesses

- Costs of doing business with New Zealand firms while HiFlex Physio is located in Australia.
- The lesser value and stability of the New Zealand dollar.
- A limited marketing budget, necessary for developing brand awareness.

Opportunities

- Participation within a growing industry.
- Fitness is a very topical and well-supported industry including the government initiatives.
- The ability to increase the profit margin through the development of new Smart Weights.

Threats

- The commodity aspect of the weights available.
- Costs associated with international trade, dollar values notwithstanding.
- Future / potential competition from large corporations who are seeking more vertical niche channels.

Competition

HiFlex Physio deals exclusively in the fitness, personal training, and sale of Smart Weights. There are no other businesses in all three (3) markets, although there are many small businesses working in the area of fitness and personal training. However, approximately three (3) companies account for approximately eighty (80) per cent of the total amount of fitness and personal training.

- Primary competitors include: Les Mills, Crossfit and CityFitness.

The purchase decision for the customer is based on either or both personal experience and trust in the product. HiFlex Physio has established relationships with the customers that extend beyond that of the buyer / seller. The HiFlex Physio label means that the product has been chosen and prepared with the highest quality standards in mind. The Smart Weights are priced up to nine (9) per cent lower than similar products. The customers are familiar with the Smart Weights and trust in the quality of the product.

Product Offering

HiFlex Physio deal exclusively in fitness and fitness products. All alternative weights share some similarities with the Smart Weights but the Smart Weights are still unique. Smart Weights are shaped to fit the grip of the user rather than being an unshaped tube and are ergonomically aligned.

By providing the unique aspects to the weights, HiFlex Physio has taken the first step towards a differentiated product. To further distinguish their products, HiFlex Physio adheres to higher quality standards than approximately ninety-five (95) per cent of the market. The customers recognise HiFlex Physio for the ability to provide the type of equipment they require to keep them involved in their fitness plans.

Keys to Success

The keys to success for HiFlex Physio are:

- Establishing and maintaining working relationships and contractual agreements with HiFlex Physio New Zealand Centres, other fitness providers, and wholesalers
- Bringing new products annually to the market
- Increasing HiFlex Physio' profit margin with the use of improved technology in the development of new product
- Effectively communicating, to current and potential customers, HiFlex Physio' position as a differentiated provider of the highest quality fitness products in the world.

Critical Issues

The critical issues that HiFlex Physio face are:

- Continue to ensure that their product is superior to other similar products on the market
- Continue to analyse market demand to verify that HiFlex Physio is indeed meeting the market needs.

Marketing Strategy

HiFlex Physio' marketing strategy will include the use of targeted print media advertising and direct selling to fitness centres and users in New Zealand who engage or intend to engage in the fitness industry. HiFlex Physio will also use its website. HiFlex Physio will capitalise on existing relationships with fitness providers who have stated their willingness to recommend HiFlex Physio' Smart Weights. HiFlex Physio have positioned themselves as a differentiated provider of the highest quality Smart Weights. The primary goal of the marketing efforts will be to communicate this to existing and potential customers.

Mission

HiFlex Physio' mission statement is:

The Centres will serve the community with quality, comprehensive, unique, and distinctive health programs and services. The employee team will expand upon the preventive services while improving the quality of life among participants through health and fitness services utilising state of the art equipment and practices. These programs will reflect members' needs and be financially viable for all stakeholders.

Marketing Objectives

- Maintain positive, steady growth each quarter.
- Experience an increase in new customers who are turned into long-term customers.
- Decrease the customer acquisition costs by six (6) per cent per year.

Financial Objectives

- Increase the profit margin by one (1) per cent every two (2) quarters.
- Holding spending, as a percentage of sales, at a specific level.
- Decrease the overhead fixed costs as a percentage of sales.

Target Markets

The potential customer groups for HiFlex Physio are:

- HiFlex Physio New Zealand: Market research suggests that there are approximately two hundred (200) fitness centres that would be able to merchandise the Smart Weights and are in their target market.

- Other fitness providers: This market serves as a safety valve for our export business. By maintaining relationships with other fitness providers, we have an alternative market with convenient distribution channels.

- Individual Users: As HiFlex Physio moves towards maximum capacity, they plan to target this audience more aggressively. This should eventually reduce transactions with wholesalers and capture their value- added costs as profit. HiFlex Physio anticipates that this effort will begin approximately two (2) years into the initial sale of Smart Weights in New Zealand.

Positioning

HiFlex Physio will position themselves as the high-end supplier of weights in New Zealand. HiFlex Physio will only sell the highest quality and most beneficial weights, recognising that weights are traditionally perceived as a masculine purchase. HiFlex Physio will leverage their competitive edges to achieve the desired positioning.

HiFlex Physio' competitive edge comes from the advantage of having established relationships with other fitness centres. HiFlex Physio has received affirmation of the demand for their product in the form of requests from providers for larger product shipments.

HiFlex Physio' Smart Weights are a superior product offering because of the better shape and appearance of the product and because they are able to sell more economically. In addition, prompt shipment provides fitness providers and other customers with a product that is received up to one (1) month earlier than other ordered products which come from overseas.

Strategies

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Marketing Mix

HiFlex Physio' marketing mix is comprised of the following approaches to pricing and distribution, advertising and promotion, and customer service.

- **Pricing** - HiFlex Physio' pricing scheme is based on per product costs.
- **Distribution** - The product can be distributed throughout New Zealand.
- **Advertising and Promotion** - Several different methods will be used for advertising and promotion.
- **Customer Service** – Excellence in customer service is HiFlex Physio' mantra. If the mantra is adhered to, sustainable success will happen.

Marketing Research

During the marketing plan development, HiFlex Physio issued a comprehensive questionnaire to many different perspective customers. The surveys were developed by a graduate statistics student ensuring validity and accuracy in the findings.

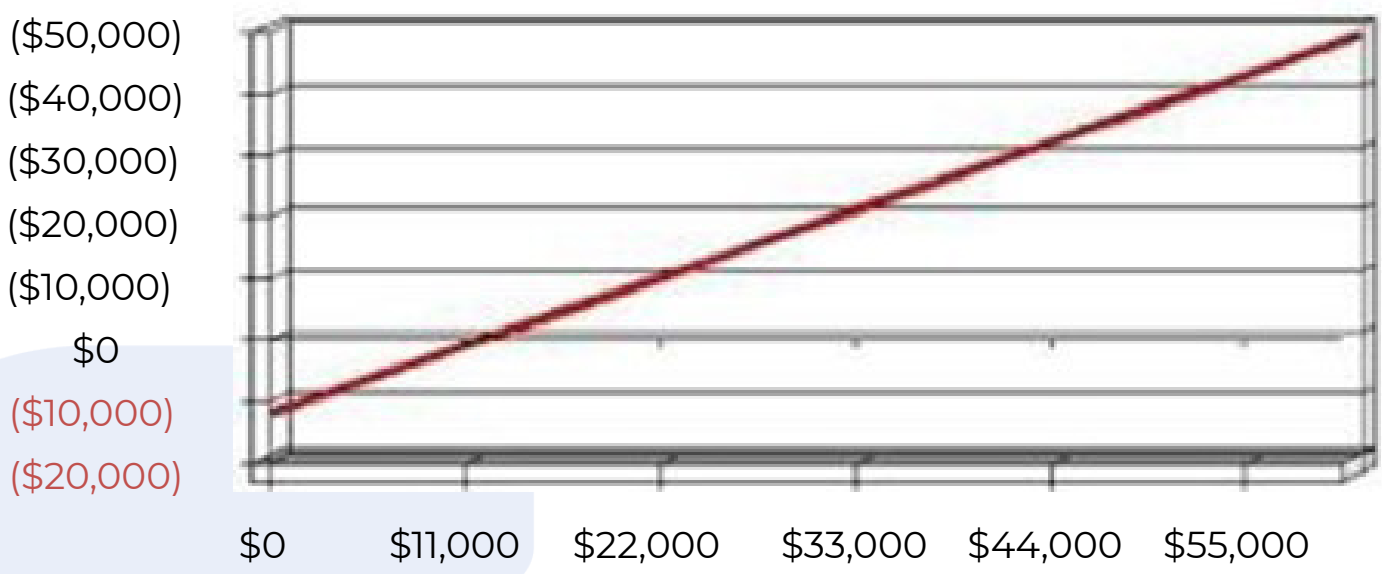
A total of three hundred (300) surveys were released with ninety-nine (99) returned completed. The findings of the survey were quite insightful. Some of the findings supported already held assumptions. Other information data mined from the survey provided new information and insight into the perspective customers. Because the surveys were so useful, HiFlex Physio plans to do more surveys in the following years.

Financials

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

Break-even Analysis

The break-even analysis indicates that $30,000 is needed on each break-even point.



Monthly break-even point

Break-even point = where line intersects with 0

Break-even Analysis	
Monthly Revenue Break-even	$12,001

Assumptions	
Average Per Cent Variable Cost	60%
Estimated Monthly Fixed Cost	$12,000

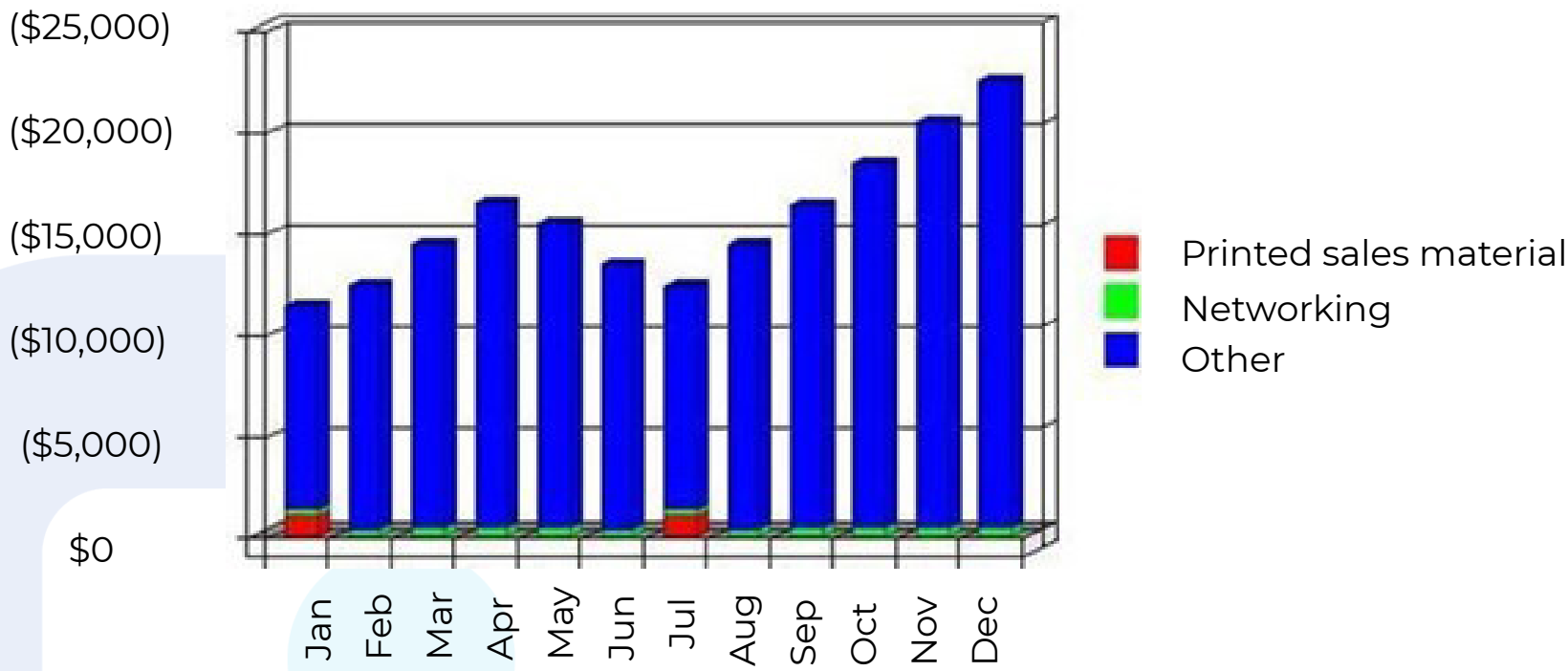
Sales Forecast

HiFlex Physio strategy focuses first on meeting the increased demand from customers with whom they have established relationships for larger orders. These customers are critical to the ability to acquire additional accounts of both other fitness centres and individual customers without having to spend a great deal on sales efforts. Secondly HiFlex Physio will focus on increasing the volume, while maintaining the percentage of sales sold. When HiFlex Physio has reached maximum sales to existing channels, they can then shift the majority of our focus to securing additional product accounts.

The following chart and table show our present sales forecast. HiFlex Physio' projected sales to grow approximately forty (40) per cent in 20XX, increase again by twenty (20) per cent in 20XX+1, and reach maximum for production capacity in 20XX+2 representing a thirty-three (33) per cent growth over the previous year.

Expense Forecast

The expense will be used as a tool to keep HiFlex Physio on budget and provide indicators when a modification is needed for the proper implementation of the marketing plan.



Marketing Expense Budget	20XX	20XX+1	20XX+2
Printed sales materials	$2,000	$0	$0
Networking	$4,550	$4,550	$8,000
Other	$181,000	$200,000	$235,00
Total Sales and Marketing Expenses	$187,550	$206,000	$243,000
Per cent of Sales	7.90%	6.35%	6.21%

Controls

The purpose of HiFlex Physio' marketing plan is to serve as a guide for the organisation. The following areas will be monitored to gauge performance:

- **Revenue** - monthly and annual
- **Expenses** - monthly and annual
- Customer satisfaction
- Research and developments costs relative to sales.

Milestones

Advertising	Start Date	End Date	Budget	Manager	Unit
Marketing plan completion	1/1/20XX	1/2/20XX	$0	K Jones	Marketing
Website development	1/1/20XX	1/3/20XX	$10,000	K Jones	Outsourced
Advertising campaign #1	1/1/20XX	30/6/20XX	$80,000	K Jones	Marketing
Advertising campaign #2	1/7/20XX	30/12/20XX	$101,000	K Jones	Marketing
Total Advertising Budget			$191,000		

Contingency Planning

Difficulties and Risks

- Problems developing brand awareness
- Difficulty obtaining the highest quality raw product
- Issues involving importation of Smart Weights into New Zealand

Worst Case Risks Include

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

Version Control & Document History

Date	Summary of modifications	Version
3 February 2022	Version 1.1 produced with the following modifications: ● Years updated from 2003, 2004, 2005... to 20XX, 20XX+1, 20XX+2... ● Formatting updates throughout the document	1.1