

5.0 Marketing Plan

This section introduces the marketing plan of Hi Power Cycles. The method in which we market our product is significant because it determines the success of our product's sales. An efficient and successful marketing plan will result in a high number of sales and revenues for our company. Included in the following marketing plan is a description of our goals, online and offline resources, and the difficulties we are prepared to face.

5.1 Marketing Goals

The public would benefit from an alternative method of transportation, leisure, and commuting. We hope to portray this through an effective marketing scheme. The focus of this project includes effectively marketing the product in southern California and making the public aware that our product exists. Through a marketing strategy, we hope to establish distribution at select retail stores, increased visibility on the internet, and a connection with people who will be interested in the products we offer.

After the introduction of our marketing plan, we hope to have effectively brought our product to the public's attention in southern California. Our specific goals include at least a 30% increase in revenue and a 50% increase in website traffic. We will strive to establish Hi Power Cycles as an elite brand for electric bikes and have distribution rights in at least four locations in southern California. Upon completion of the marketing plan we hope to have partnered with an affiliate marketing company to generate more revenue and exposure for the company.

5.1.1 Achievement of Goals

Through heightening the public's awareness about Hi Power Cycles we will hopefully help solve some issues that are currently plaguing society: high gas prices, global warming, increasing commute times, inner city traffic, and obesity. To effectively market, we will use both online and offline resources. Our online resources will include Ebay, craigslist, a company website, and an online affiliate marketing company. We will increase exposure to the public by establishing distribution at high-end bicycle or electronic stores in addition to brand exposure through passing out flyers, business cards, and setting up bike demos at key events. We hope to incorporate the knowledge we gain from this project when we attempt to expand into different regions around the United States. Completing our marketing plan on time is important, since a warm cycling season is approaching and we want to gain most of our sales during this time.

5.2 Strategies for Effective Marketing

The majority of our marketing will take place online. This is sensible because our company is an internet-based company. While online marketing poses some costs, such as daily maintenance of the advertisements, the benefits outweigh the costs. In addition to marketing through various web sites, we plan to have some marketing strategies offline, such as demos and events. Through both online and offline resources we expect our marketing plan to be successful.

5.3 Online Strategies

Today, more consumers are turning to the internet. The amount of online shopping is speculated to be more than \$18 billion in 2009, with a growing rate of 4.5% per year (“BRW,” 2009). Since our society is beginning to rely on the internet, it is in our best interest to target our marketing plan to internet users.

5.3.1 Market Research Tool

The internet will be beneficial to a manufacturing company such as Hi Power Cycles for many reasons. The internet gives producers access to real-time consumer insight and market research (Baker, 2005). We can interpret consumer behavior through the number of sites viewed and other products they enjoy; enabling us to gain information on what kind of people we should target (Baker, 2005). Once we find out who is interested in our e-bikes, we can alter our marketing plan to attract similar consumers. We can also find out what attracted the people to our product and emphasize those points on our various websites.

5.3.2 Company Website

Our primary online source for purchasing our product is our company website: www.hipowercycles.com. This website will include all necessary information for purchasing our bicycles, including order instructions and custom details. The website will also host pictures of a large variety of our tailored bicycles and provide driving instructions to our manufacturing headquarters, where test rides will be available (See Figure 5.1). On our website, costumers will be able to find product descriptions, the company description and history, and testimonials from present e-bike owners. We plan to design an interactive and user-friendly site that will be appealing to the eye and attractive to future customers. We plan to hire a website designer to create our custom website and purchasing database.

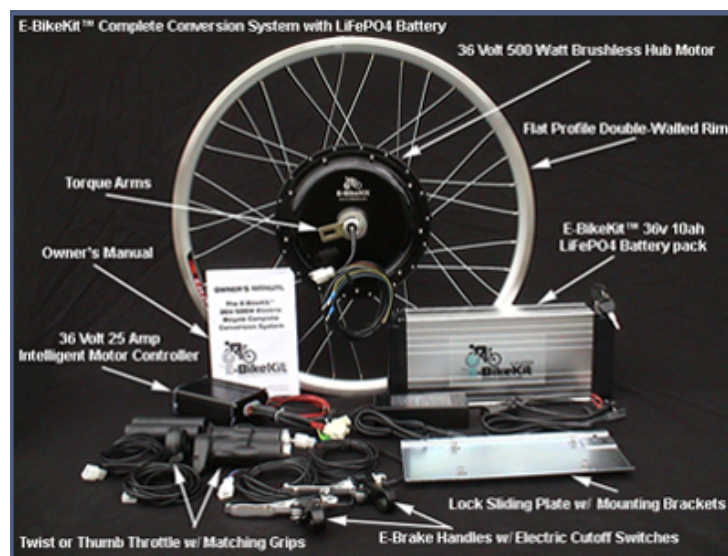


Figure 5.1: Example Website/Brochure Illustration
Source: www.e-bikekit.com

5.3.3 Ebay and Craigslist

The sales of our products will be hosted through various websites such as Ebay and Craigslist. On these sites we can sell to individuals or in mass quantities. This will also serve as an advertisement as well. When consumers see the bikes on these sites they will follow a link back to our company website where they can order a custom bike. Ebay and Craigslist are two popular sites for purchasing any product, so this will generate a lot of traffic and attention.

5.3.4 Facebook

To target younger generations such as college students, we will place sidebar advertisements on social sites such as Facebook. This will be a huge asset in getting younger citizens involved. Facebook is currently an extremely popular site and our advertisements will be viewed by millions. A nice feature regarding these advertisements is that we will be able to pull them off whenever we feel necessary, or if a site becomes less popular to the public. These advertisements will range from \$0 to \$25 a piece (See Table 5.2).

5.3.5 Shares of Online Costs

Table 5.2: Advertising Website Pricing

Site	Price	Days Listed
Ebay	\$100 (for \$1000 bicycle)	Until item is sold
Craigslist	Free	Unlimited (must renew)
Facebook	\$25 (approximately)	Price is per click or view
Company Website	\$75-125/month	Unlimited

5.4 Offline Strategies

To avoid biases in online advertising, we will also market to our potential customer offline as well. We realize that not everyone has a computer or access to the internet, so we cannot base our marketing on one channel.

5.4.1 Existing Shops

We plan to market through existing bicycle shops and events. We hope that with the growing electric bicycle company we will be able to have existing shops host our bicycles for customers to see. Big-name companies such as Wal-Mart, Pep Boys, and Costco already host electric bicycles (McClellan, 2008). Toys “R” Us also plans to increase its electric bike distribution to 550 different stores in the near future (Kharif, 2008).

5.4.2 Cycling Events

We plan to market our bicycles at various cycling and athletic events and races as well. Here we can set up a booth and model bike for test rides, where we know people interested in bicycles

will be present. Another group we want to target is people advocating environmentally-friendly transportation. Through their support our product will appeal to a large number of advocates who will endorse our product. Figure 5.3 below provides an example of how we would market our product to these groups by comparing our product to the detrimental value of automobiles.

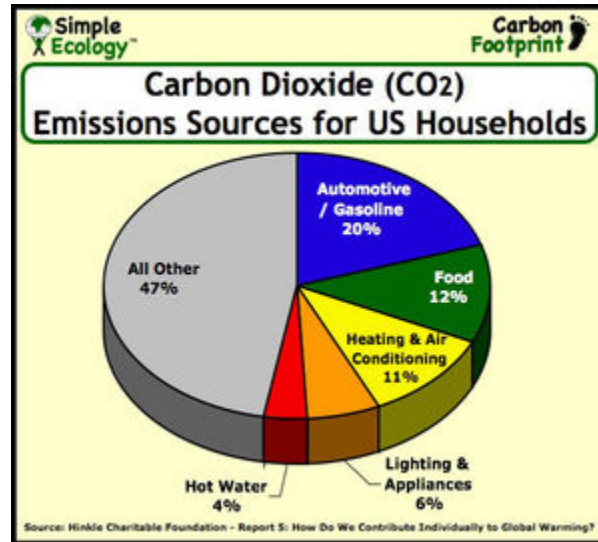


Figure 5.3: Pie Chart Displaying CO₂ Emissions
Source: www.simpleecology.com

5.4.3 Disabled Persons

An additional group we want to target is those with physical limitations who could benefit from a battery-powered bicycle. Giant Bicycles Vice President, Fred Teeman, says “There’s something like 75 million people in America who are physically active, but oftentimes encumbered by some degree of physical limitation. The electric bike is certainly a tool for them” (Felton, 2003). The article also states the primary demographic of e-bike customers is those ages 45-55 due to a steep purchase price (Felton, 2003). Our bicycle will be more appealing to seniors and those who want to save because of our lower price compared to our competitors.

5.4.4 Brochure

Printed information such as brochures will detail the benefits of owning one of our bicycles as well as directions to our manufacturing site. At the site, interested consumers will be able to test ride the bicycles and see the preparation that goes into their production. People will be able to customize and order their bicycles on site, or consider their purchase and order online later with a discount coupon. Special promotions and discounts will also be available at the various events we plan to attend.

5.5 Potential Problems

In our marketing plan, we will experience several constraints. Since we are a small company, our first constraint will be our marketing budget. As of now, our marketing budget is very small.

We hope that as we begin to market, our sales will increase exponentially and allow us to expend more on marketing. Another constraint we will face is time. We may need to hire outside marketing help because the majority of our time will be allocated to sales. A third constraint we are facing is the current state of the economy. As a premium electric bike company, it will take extra effort to convince people to spend the money they want to save.

As a solution to our time issue, we have decided to use an affiliate marketing group to help foster online sales: <http://www.shareasale.com>. We must first establish terms over the sale of our products. We then plan to contact a select group of high-end bike stores and retail outlets who express interest in selling our product. This will free up time for company employees, especially those involved in sales.

5.6 Estimated Total Costs

Hi Power Cycle plans to spend 5% of forecasted revenue in advertising expenses in the first year and second year to build up the brand. The reason we allocated only 5% for marketing expenses is because we hope to use our company website and various free marketing techniques such as craigslist. We expect our total advertising expenses for the first year to be approximately \$97,522 based on this equation. This will include website creation costs, web marketing costs, and transportation of our products and employees to cycling events.

5.7 Conclusion

This marketing plan will allow Hi Power Cycles to gain more visibility in southern California and eventually nation-wide. Distribution of our product at elite stores will allow our product to retain its premium pricing, while also giving us the exposure we need. We project that undertaking this project will require us to hire outside help and maybe even 1-2 more full time employees since we expect sales to increase dramatically.

The completion of this marketing plan will result in many tangible and intangible benefits. By marketing effectively to our consumers in southern California, we will be able to accomplish several things. First, brand recognition will increase and the electric bike will become a popular method of transportation. Secondly, the environment will benefit from lower carbon dioxide emission released by cars. Thirdly, traffic will decrease and people will have shorter commute times. The more e-bikes we sell results in a rise of the benefits to consumers and society. It is truly a win-win situation for everyone who participates.

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