

Kite

Beach

Fun[©]



K.B.F. Marketing Plan

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By
K.B.F.
c/o Alexandra Livingstone-Richard
Ridge Pedersen
Josh Emberly

339 Water Street
Saint Andrews, New Brunswick
E5B 2R2

Email: KiteBeachFun@gmail.com

Phone: 1 (506) 323-1660

Fax:

KiteBeachFun.com

K.B.F.
Marketing Plan

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Executive Summary

Successful businesses are often the product of a great idea to fill a void where there is a need. In other words, a need translates into demand and demand provides an opportunity for a business to supply something, either a product or a service. Our research shows us a great seasonal opportunity in the recreation and entertainment sector.

Who does not enjoy the thrill of flying a kite? How many people going on a vacation pack a kite? Kids and the young-at-heart love this activity but it is one that is often overlooked.

That's why we've come up with Kite, Beach Fun (K.B.F.), a kite rental company! We intend on rekindling parents' positive childhood memories of kite flying and inspire them to give their children the same happy memories.

Kites are relatively inexpensive and the places to fly them are plentiful. However, in order to be successful, a kite rental company has to settle on a location where people vacation and where the conditions are ideal for kite flying. Our market research has shown that the acquisition of kites and the setting up of a small business to rent these out could be a profitable business in one of New Brunswick's premier vacation destinations—Saint Andrews. Saint Andrews offers an ideal location to begin a seasonal kite rental business because the wind conditions are ideal, the beach area is great for kite flying because it is not a sandy beach, there are lots of tourists, there are several campsites nearby and even the locals will likely rent from us.

Having identified this opportunity, the founding students/entrepreneurs Alexandra Livingstone-Richard, Ridge Pedersen and Josh Emberly have combined their skills and put together this plan for their venture called: K.B.F. Our objective is to exercise our entrepreneurial skills and provide summer employment with a modest income for each owner. We also love the idea of working outdoors and providing a fun activity for all those interested.

The following plan explains how we will put this idea into action!

Finally, the projected financial plan reveals that the business has the potential to pay its owners a minimum wage salary of \$11.00 per hour for the time they put into the business (up to 70 hours per week) and generate profits of \$19,000, which can be reinvested to grow the business or paid out as profit at the end of the season.

K.B.F. is looking for an investment of \$3,000 to get this business off the ground. We hope that once you have completed reading about K.B.F. and its potential, you will be as excited as we are to get things started!

Please come fly with us!

Situational Analysis

K.B.F. is looking to start a kite rental business that not only will employ three students over the summer but has tremendous potential for profit.

The three owners are equal partners and will run the business. Ridge Pederson knows how to assemble and fix the kites when they get damaged, Josh Emberly will provide financial management, and Alexandra Livingstone-Richard is very good with people and will be in charge of marketing. Our business lawyer is David A. Bartlett.

Together, we performed a SWOT analysis for this business opportunity.

Strengths <ul style="list-style-type: none">• Very low overhead• No direct competition• Low cost entertainment option that is less likely to be impacted by inflation or economic slumps• Technical skills not required to operate business• Technical skills not required to fly a kite• Location provides excellent kite flying conditions• Busy tourist town with large number of potential renters• Unique service to the area	Weaknesses <ul style="list-style-type: none">• Business is weather dependent• Lack of business experience
Opportunities <ul style="list-style-type: none">• Potentially partner with a tourist business to sell other wind related products/crafts on site with our kites• The dollar is low so more tourists may spend money in Canada	Threats <ul style="list-style-type: none">• Another business renting kites could setup shop in town• Prices of kites could increase

Taking Advantage of Strengths and Opportunities

Location: St. Andrews-by-the-Sea is one of New Brunswick's premier summer vacation destinations, attracting people from all over Canada and the United States. The area offers many tourist attractions and various water activities along the Passamaquoddy Bay. In addition to the many motels and hotels located in or near the town, Saint Andrews features a number of campgrounds and RV parks that accommodate both short-term and long-term vacationers. Many New Brunswickers have cottages or summer homes in Saint Andrews or park their motor or mobile homes in one of the parks for the entire summer. On January 3, 2017, CBC News reported that although the area had been a tourist destination for more than 100 years, the town of Saint Andrews had seen a boom in tourism for 2016. This is an encouraging trend!

According to Wikipedia¹, Passamaquoddy Bay is an inlet of the Bay of Fundy, which is known to have the world's highest tides. With shifting tides comes wind; and wind provides perfect conditions for kite flying. KitesOnline.com² explains that ideal flying conditions for all types of kites is when the wind blows between 8 and 12 mph. Saint Andrews offers perfect kite flying conditions in the summer season, with wind averages of 8.2 mph according to worldweatheronline.com³, with undoubtedly slightly higher averages along the beach areas.

In other words, the beach areas of Saint Andrews offer ideal kite flying conditions!!

Low-cost Enterprise: As you will see in the cost analysis section below, K.B.F.'s plan identifies low overhead costs and limited ongoing expenses. As a result, the business risk is minimal and the opportunity for profit significant.

Business Sustainability: The relatively low cost of kite rentals is expected to generate repeat business from both tourists and local residents. If for some unanticipated event or reason our business does not catch on, we can easily close-up shop with minimal losses.

The Canadian dollar remains lower than the US dollar. This can have a very positive impact on our business. The lower Canadian dollar encourages both Canadians and Americans to vacation in Canada.

Once we establish our business and brand, we may explore opportunities to partner with local crafts people to sell other things that "blow in the wind," such as hand crafted whirligigs, pinwheels and chimes. Another potential opportunity may be to branch out into renting higher-end kites used by competitive kite flyers.

¹ https://en.wikipedia.org/wiki/Passamaquoddy_Bay

² <http://www.kitesonline.com/other/windchart.html>

³ <https://us.worldweatheronline.com/saint-andrews-weather-averages/new-brunswick/ca.aspx>

Minimizing Weaknesses and Risks

One of our biggest challenges would be if more businesses in Saint Andrews begin renting kites. However, we feel that most businesses in town would not think it worth their while to add the administrative tasks of kite rental to their business. If we can establish ourselves quickly, we can grow customer loyalty that should discourage other potential competition.

One other threat we have assessed is the fact that as students, we have no business experience. We don't see this as much of a threat though. Most of our potential customers were students at one time in their lives and will feel a connection to our enterprise in some way. We think this could work to our advantage and therefore we added the tag line, "*A student enterprise*" to our logo.

In summary, a large tourist presence, ideal conditions, repeat business and low overhead costs all combine to make this business undertaking a low-risk, sustainable seasonal venture. As you can see, our strengths far outweigh our weaknesses!

Marketing Strategy

The Target Market

Kite flying is enjoyed by children of all ages and is an activity parents love to do with their children. Recent trends show that families want to get away from their digital devices and get outside for some good old fashioned fun!

So, our target market is families. We would like to look at demographic data to see what percentage of the tourist population in Saint Andrews consists of middle-income families—this segment is our ideal customer.

We would also like to research the psychographic characteristics of our middle-class families to find out their lifestyles and values. We would then target those who enjoy the outdoors, camping and the ocean!

We believe that kite flying on the beaches of the Passamaquoddy Bay will also be received as a fun-filled and even romantic activity for couples who vacation in Saint Andrews. Seriously, who doesn't enjoy the excitement of flying a kite!

Provincial statistics report as many as 80,000 visitors come to Saint Andrews each year. With so many tourists added to the already approximately 1,800 residents of Saint Andrews, and with beaches and wind ideal for kite flying fun, K.B.F. looks to seize the opportunity and offer summer entertainment primarily for families, but with the expectation that couples and individuals can add to their wonderful memories of their time in St.-Andrews-by-the-Sea by renting our kites.

We feel that we have a strong competitive edge—according to our research, our shop is the only place in NB where you can rent kites—so we currently would not have any direct competition.

There are many tourist activities in Saint Andrews that visitors can access, but they offer activities significantly different to what we are offering.

K.B.F. wants to make an emotional connection with our customers based on “nostalgia.” We want to inspire parents to think of their own childhood experiences outdoors with their parents and in turn, inspire them to do the same for their children. We intend on positioning our product with a message that embodies this sentiment.

Our team has considered many different factors that may have an impact on our business. The only significant challenge we feel may have a negative impact on the business is the weather. To reduce some of the risk of bad weather, we will use images within our rental outlet and on Facebook that show people enjoying flying a kite in all kinds of weather!

Heavy rain and high winds would be the biggest challenge to our business. But looking at the past rainfall and wind speed averages for summers in Saint Andrews, it is very unlikely that these will dramatically have an impact on the first five years of our business.

While it is true that sometimes the success of a product or service is based on a fleeting trend, kite flying is an activity that has been with us for over 2000 years.

Marketing Mix Decisions

Product

We intend to start the business around one main product—kite rentals. Amazon will be our only supplier until we find another distributor with a better price that includes the convenience of online ordering and free and timely shipping. We will start by providing a variety of kites that offer different qualities for different age groups and weather conditions. In time, we will better understand which kites are the most popular and the most profitable! Our kites will include diamond and delta shapes, parafoil kites, special design kites (such as birds, sharks, dragons and octopuses) and stunt kites with dual controls for more challenging kite flying for the more experienced.

Ridge Pederson is responsible for assembling and fixing the kites.

Price

We will purchase 40 kites from Amazon at a cost of 840.50 to start the business.

Rainbow Kites ⁴	10 @ 15.67	=	\$156.70
In the Breeze Kites ⁵	10 @ 15.59	=	\$155.90

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https://www.amazon.ca/Huge-Rainbow-Kite-Kids-Activities/dp/B012D3PN7G/ref=sr_1_1?ie=UTF8&qid=1495999158&sr=8-1&keywords=kites

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Shark Kites ⁶	10 @ 21.60	=	\$210.60
Stunt Kites ⁷	10 @ 31.73	=	<u>\$317.30</u>

Kites will be rented for a 3 hour period for the following price:

- \$12.50 for simple diamond and delta shaped kites
- \$15.00 for special design kites
- \$17.50 for stunt and parafoil kites

Placement

Our service will be accessed only from our beach location. This keeps our operation costs down to a minimum. We anticipate that we will attract far more interest from families who are already at the beach where they can see the excitement of flying a kite then if we were located in town. Our business will consist of a small shed (10 feet by 14 feet rectangular) to fit the materials required to run the business.

Promotion

Our promotion campaign to start K.B.F. will consist of posters and leaflets distributed at various outlets around Saint Andrews, including stores that tourists frequent such as grocery stores, liquor stores and craft stores. We hope to attract attention to our service by having Alex fly one of our kites up and down the beach wearing a t-shirt with our logo.

We understand that our business is not the main attraction for tourists coming to Saint Andrews. It's a service that tourists will become interested in once they are in Saint Andrews or at the beach. That is why we have chosen not to do any online promotion to start. We will consider developing a Facebook page with some photos and videos of actual clients on the beach flying our kites once our business is established.

Opening day, we will have special offers on all kite rentals! We are also going to run a competition to see who can fly their kite the highest. The winner will receive a free kite!

https://www.amazon.ca/Breeze-30-Inch-Rainbow-Diamond-Kite/dp/B0020ZY3W4/ref=sr_1_3?ie=UTF8&qid=1495999158&sr=8-3&keywords=kites

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https://www.amazon.ca/Breeze-3D-Shark-Kite-6-Foot/dp/B004XWB852/ref=pd_sim_86_6?encoding=UTF8&psc=1&refRID=ABVQQSTP8PVSQHGK1C0G

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https://www.amazon.ca/Breeze-48-Inch-Color-wave-Stunt/dp/B007E90IHK/ref=pd_sim_86_7?encoding=UTF8&psc=1&refRID=ABVQQSTP8PVSQHGK1C0G

Cost Analysis

Objective

The financial plan for K.B.F is modest and is well under the \$5,000.00 maximum investment requirement. Our objective is to operate at minimal costs and to generate adequate summer income for three students.

Important Assumptions

Without having any competition to research for information regarding markets and costs to use as a baseline for our own business, we have developed a number of assumptions. These assumptions, however, are not guesses but are made based on available data, such as historical meteorological conditions and known tourist trends.

Our business costing and profit is based on the following assumptions:

- 1) The business will operate from May to September.
- 2) May and June have more rainy days than the other three months⁸
- 3) May and June will have less tourist visits than the other three months.
- 4) Rainy days do not necessarily translate into “no business” because on many days it only rains part of the day – conservatively, no business will be anticipated for half of the number of rainy days per month.
- 5) Not all tourists will want to fly a kite. The following very conservative assumptions are made:
 - A realistic goal is to attract 3% of the 80,000 tourists who visit Saint Andrews each year.
 - It is not known how many tourist vacation long-term, but a quick search of campsite availability reveals over 400 sites available in the four nearest parks, all of which offer long-term rentals. It is estimated that 15% of sites are rented out long term and our goal is to get repeat business from half of the long-term campers using an average of three repeat rentals—this is very conservative because some long-term campers will be families who will rent more than one kite at a time.
 - We believe it realistic to expect business from 5% of local residents, with repeat business from half of those—again, this is very conservative because many will rent more than one kite at a time.

Rental projections

Using the assumptions outlined above, the following data is generated:

- Kite flying days:

⁸ <https://us.worldweatheronline.com/saint-andrews-weather-averages/new-brunswick/ca.aspx>

○ May	=	20 days
○ June	=	21 days
○ July	=	22 days
○ August	=	24 days
○ September	=	<u>22 days</u>
TOTAL	=	109 days

▪ Available kite flying customers:

○ 3% of tourists	=	2,400 rentals
○ 30 long-term campers repeat	=	90 rentals
○ Local residents	=	90 rentals
○ Local residents repeat	=	<u>135 rentals</u>
TOTAL	=	2715 rentals

If the business can conservatively attract 2715 people to rent kites and there are 109 kite flying days, this yields rentals of approximately 25 kites per day. This is a most realistic target.

Startup costs

Overhead costs for this business are not significant. The most significant costs are the purchase of the kites and the purchase of a shed from which to rent the kites. These costs are as follows:

Rainbow Kites ⁹	10 @ 15.67	=	\$156.70
In the Breeze Kites ¹⁰	10 @ 15.59	=	\$155.90
Shark Kites ¹¹	10 @ 21.60	=	\$210.60
Stunt Kites ¹²	10 @ 31.73	=	<u>\$317.30</u>
TOTAL			\$840.50

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https://www.amazon.ca/Huge-Rainbow-Kite-Kids-Activities/dp/B012D3PN7G/ref=sr_1_1?ie=UTF8&qid=1495999158&sr=8-1&keywords=kites

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https://www.amazon.ca/Breeze-30-Inch-Rainbow-Diamond-Kite/dp/B0020ZY3W4/ref=sr_1_3?ie=UTF8&qid=1495999158&sr=8-3&keywords=kites

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https://www.amazon.ca/Breeze-3D-Shark-Kite-6-Feet/dp/B004XWB852/ref=pd_sim_86_6?encoding=UTF8&psc=1&refRID=ABVQQSTP8PV SQHGK1C0G

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https://www.amazon.ca/Breeze-48-Inch-Color-wave-Stunt/dp/B007E90IHK/ref=pd_sim_86_7?encoding=UTF8&psc=1&refRID=ABVQQSTP8PV SQHGK1C0G

All these kites are available from Amazon.ca and are therefore shipped at no cost. In addition, they all come with line and handle. The plan is to rent 10 of each type and have two kites in reserve in case of accidental damage to any of the kites.

Also purchased from Amazon would be 10 extra lines and handles¹³ at a cost of **\$90.00**.

A shed from which to operate the business does not appear to be available for rent in Saint Andrews and rental from nearby Saint John together with delivery would not be cost-effective. The purchase of a shed through Amazon.ca with free delivery appears to be the best option. Cost for the purchase of the shed is **\$1,219.00**.

In addition to these primary costs of operation, the Town of Saint Andrews requires a transient trader's license in order to operate a temporary business within the Town¹⁴. Therefore, add to the start-up cost **\$100** to obtain the license.

Another start-up cost is for insurance. We would need to be insured in case of loss to our property by fire or theft. Insurance would also cover us for any injury incurred while flying our kites. The average cost of small-business insurance appears to be \$62 per month¹⁵, so we would budget **\$248** for the season.

In addition, there would be miscellaneous costs, such as a cash box, a receipt book, paper on which to print rental agreements, a table, hooks on which to hang the kites, and other miscellaneous items. We would budget **\$200** for these costs.

Our advertising costs are minimal as we are producing our own posters and leaflets. We would expect to spend **\$300** for paper and ink.

We have also added a \$100.00 per month for unforeseen costs.

Since our hours of operation are in the daylight, and we have no need for running water, we do not have to worry about overhead costs of electricity or water.

The total start-up costs for the facilities and operation amounts to **\$3097.00**.

Of course, we now have to factor in the cost of labour.

¹³

https://www.amazon.ca/Breeze-50-Pound-Kite-Spool-500-Feet/dp/B00HFQDSWE/ref=pd_sim_86_5?encoding=UTF8&psc=1&refRID=ABVQQSTP8PVSQHGK1C0G

¹⁴

¹⁵ <http://www.insureon.com/insureonu/costs/general-liability>

During the months of May, June and September, we will have to hire employees for weekday hours of operation until the owners have completed school in June. Compensation will be based on minimum wage with an expectation that the owners will share in the profit at the end of season. In order to make the business viable, it is expected that it will be open from 9:00 a.m to 7:00 p.m. each day: 10 hours per day. It will also be open 7 days per week. The business will therefore be open 70 hours per week, which, at minimum wage of \$11.00,¹⁶ will amount to \$770.00 weekly in labour costs. The total cost for the entire season will be \$16,940.00 (22 weeks @ \$770.00).

Break-even Analysis

Considering the start-up, operational and labour costs, break-even will be achieved if the business can generate **\$20,037.50** (\$3,097.00 +\$16,940.00).

Projected profit

In order to generate seasonal revenue of \$20,037.50, each of the projected 2715 rentals would have to be priced at approximately \$7.50. However, it is expected that tourists would be willing to pay more than this for a few hours of enjoyment along the beaches of Passamaquoddy Bay. Rental fees are projected to be set as follows:

- \$12.50 for Rainbow kites and In the Breeze kites per 3 hour period
- \$15.00 for Shark kites per 3 hour period
- \$17.50 for Stunt kites per 3 hour periods

Because of the modest increase in price for each type of kites, but considering the interest the specialty (Shark) and stunt kites may generate, we have pro-rated rentals equally between each types of kites. Therefore, we would expect approximately 679 rentals of each type of kites. Total projected rental fees therefore would amount to:

- \$8,487.50 for Rainbow kites (679 rentals @ \$12.50 each)
- \$8,487.50 for In the Breeze kites (679 rentals @ \$12.50 each)
- \$10,185.00 for Shark kites (679 rentals @ \$15.00 each)
- \$11,882.50 for Stunt kites (679 rentals @ \$17.50 each)

TOTAL: **\$39,042.50**

Therefore, total sales minus total costs (39,042.50 – 20,340 leaves a profit of 19,005!

In summary, the business has the potential of generating approximately \$39,000.00 in revenue for the summer season.

This a most profitable venture considering the low risks associated with this business!

¹⁶ <http://www.cbc.ca/news/canada/new-brunswick/minimum-wage-increase-hike-nb-1.4050563>