

MARKETING STRATEGY

Price

Xtreme Home Entertainment will use two pricing strategies, depending on the job. For speaker pre-wiring and installation of audio and video equipment, our average hourly rate will be between \$50 and \$60 for one technician. This will cover all material and labor costs. Additionally, for those customers that request home theater equipment consultations, we will charge a one time \$25 consulting fee. We will accept payment in the form of cash and business checks.

Deleted: ,

Deleted: on what home theater equipment best meets their needs. W

Place

We are located in south Austin, making us highly accessible to our target market - homes in the Circle C Ranch area. (You should include some more details about the characteristics of the Circle C Ranch area – are you targeting the entire neighborhood, or are you targeting just the more expensive homes? (The internet says that the homes in Circle C Ranch range from \$190k to \$400k.)) This will put us within 30 minutes of our customers and suppliers and make our services cost effective and efficient, giving us a competitive advantage over other A/V installation companies.

Deleted: ;

Deleted: ;

Deleted: our competitors

Deleted: This will make us, cost effective and efficient in conducting our services.

Promotion

Xtreme Home Entertainment plans to promote its services through three main channels. One method that we will use to generate business will be by sending out direct mail to homeowners in specific subdivisions (which subdivisions?), explaining the services we provide. We will also post fliers in target neighborhoods (which neighborhoods?) that we feel will create interest in our services. Lastly, we will go door-to-door, to gain public recognition. We will compare the cost of the promotion to its generation of revenue to determine the most cost effective promotional strategy.

Hi James!

I just wanted to reemphasize that you are doing an incredible job – your writing sounds very professional and I think you're going to make a great entrepreneur. It will undoubtedly be difficult, but I'm sure you'll be able to succeed if you just keep persisting (just as you have been doing!).

Some things to consider for your promotional strategy: will you have a website? Will you run some initial promotions/package deals to try to get initial business? Will you eventually want to run local television ads? Will you want to get ads in newspapers (perhaps Circle C has a neighborhood newspaper) or magazines?

The one general piece of advice I have for you for your marketing strategy is that it will be really important for you to keep two things in mind: 1) Who is my target segment? and 2) What differentiates me / my company? In regards to the first question, you

should try to make it as clear as possible who you are targeting – do you want to go after the most expensive homes or will you be advertising to the entire Circle C community? After you've picked your target segment, you must ask: What are their needs and how is this segment's needs different than the needs of other segments? If you pick the most expensive homes segment, you need to think about how much more they might be willing to pay (how big of a price premium) in order to get the best consultation service. The danger in putting prices too low in some of these higher income segments is that they might think you're not as good because your prices are lower. So you'll need to think about how price sensitive your target segment is, and what they really want.

In regard to the second question, I believe what you want to differentiate yourself on is expertise/knowledge and service. If this is the case, you will again need to think about how much your consultation services are worth (\$25 is a fairly low price, especially if you consider that Best Buy has its consultation services priced at \$100 – and from what I read from a home theater installation blog on the internet, the Best Buy consultants don't really give you the best advice). Also, you will need to flesh out what exactly is included in your consultation services: will you be sitting down with them for several hours going through different brochures of different products and figuring out not only their technical wants but also their style requests, or will you have only slight variations on standardized advice as to what equipment to buy that will fit their budget? If you are going to be spending a lot of time consulting them, a flat fee of only \$25 will not be profitable for you.

Additionally, if you want to differentiate yourself on giving more options than your competitors, then you will need to advertise this as a point of differentiation from your competitors. Or, if you actually do want to differentiate yourself as having the lowest prices, then you will want to advertise this instead (but make sure your prices aren't so low that you aren't making any money).

And, again, you need to keep your target and your points of differentiation at the forefront of your mind, and make sure to communicate this in your advertising and to your customers so that they know exactly why they chose to go with you instead of someone else.

Hope this makes sense! There's a lot of advice, but in all honesty you have done a great job, your documents sound professional, and I can tell that you're learning a lot!

Great job and many blessings,
-Cindy

Deleted: 1