



**Prepared For:** Ayman Aziz



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## **The M.A.R.C. Philosophy**

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At M.A.R.C. Agency, we aim to please our client and their customers. We strive to produce high quality work while getting the client the best results. M.A.R.C. aims to create an advertising campaign that will sell and meet the client's needs. We seek to provide value for investment for all business components. Constantly evolving, learning, and growing to create outstanding content.

## **Executive Summary**

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We at M.A.R.C Agency were asked to create a marketing plan to help Ayman Aziz, the owner of Postal Annex+ #3002. The main goals that he had for this marketing plan were to increase foot traffic and increase his business-to-business sales. Through the launch of this marketing plan, his potential customers will have more awareness of what services and products The Postal Annex offers compared to its competitors.

M.A.R.C Agency started by looking at the industry and situation around The Postal Annex and outlined some strengths, weaknesses, opportunities, and threats. We also looked at the largest competitors and the unique advantages that Postal Annex has as a franchise. By positioning themselves as a one-stop shop with personalized service, The Postal Annex should outperform their competitors.

From the information gleaned through the industry analysis and our own research, M.A.R.C. Agency then segmented the market and created a target market for Postal Annex to pursue. We decided that Ayman should target the Gray Power and Winner's Circle segments within their corporate defined zip codes,

The suggested communication strategy for The Postal Annex is a combination of sales promotions, personal selling, and unpaid media. Each one of these tools will have a different goal to accomplish throughout the campaign. With this mix of marketing tools, The Postal Annex will build brand awareness and see an increase in customers.

## **Industry and Situation Analysis**

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### **Private Franchise**

Primary SIC: 7331 - Direct Mail Advertising Services

Primary NAICS: 541860 - Direct Mail Advertising

Other NAICS codes:

45321 - Office Supply Stores

561431 - Private Mail Centers

### **Company Description**

The primary focus of this company is to provide consumers and businesses with the complete shipping and business-service solutions necessary for communication (Postal Annex, 2017). The main mission of this company is to facilitate the shipping and delivering needs of everyone in one store. This location offers a wide variety of services that include but are not limited to, private mailbox rentals, faxing services, notary public service, and essential office supplies. Postal Annex sets itself apart from its competitors by creating an environment that is convenient and service oriented with fast solutions (Postal Annex, 2017). Postal Annex #3002 is a franchise owned location, amongst many others that is unique in the services it provides.

### **Number of Employees**

This Postal Annex currently has three employees at this location.

### **Key People**

Ayman Aziz, Owner

### **Top Competitors**

FedEx

Type: Public

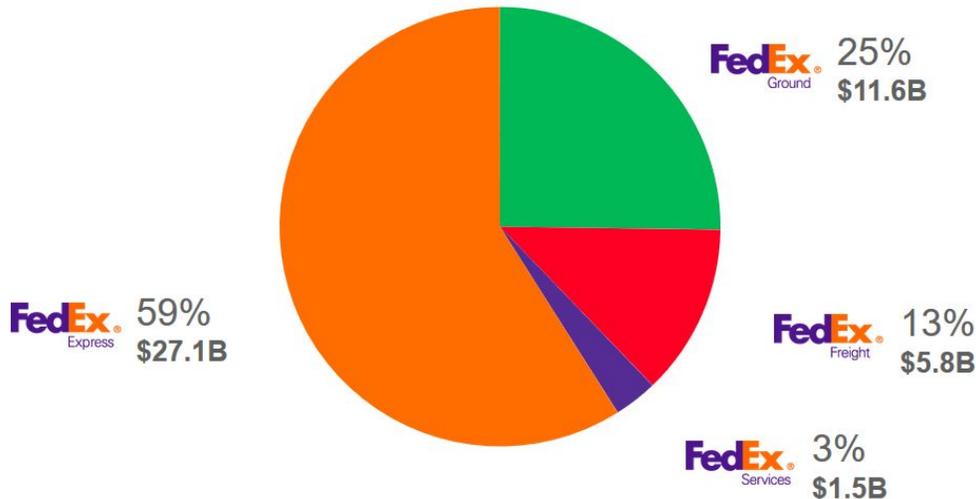
Total equity: \$14.990 billion (2015)

Number of employees: 400,000 (2016)

FedEx stores offer many of the same services as the Postal Annex. They are top competitors because they are a large public company who offers more shipment options than the Postal Annex does, including the option to order most things online.

Figure 1.3

**FY16 Revenue:** \$50.4 billion  
**Team Members:** More than 400,000  
**Countries and Territories Served:** More than 220



As this graph shows, FedEx has a large amount of revenue with the services they offer being 3% of \$50.4 billion.

### UPS

Type: Public

2015 revenue: \$48.9 billion

2015 delivery volume 4.7 billion packages and documents

The UPS store are also top competitors due to their size as well as the products and services that they have. Like FedEx, they are a public company. They also have global operations with stores in 120 countries.

### **Recent News**

The acquisition of Pak Mail by Annex Brands, Inc. helped expand its ownership of franchises in 43 different states. This acquisition occurred because the Annex Brand saw it as an investment because they believe that Pak Mail is a strong and successful company. Through this acquisition they how to create new business opportunities, added resources, and reach a wider consumer audience.

- [Annex Brands Grows 82% In One Day With Acquisition of Pak Mail® Shipping Brand](#)  
(Postal Annex, (San Diego CA) 02/16/2016 9:30AM)

- Impact on Postal Franchise Industry of USPS's Consideration of Closing 10% of Locations  
(Postal Annex, (San Diego CA) 02/16/2016 9:30AM)

This article discusses the opportunities created through the possible closure of 3,243 post offices. This would mean there would be less competition for The Postal Annex. The Postal Annex has a lot more services to offer than many USPS locations. The USPS was also considering closing most of its locations on Saturdays, giving The Postal Annex more of an opportunity to serve consumers since they do open on Saturdays.

### Industry Analysis: SWOT Analysis

The following section outlines key factors of the industry that will guide the direction of this campaign.

|   |   |
|---|---|
| <p><b><u>Strengths</u></b><br/>Offers a wide variety of services for both industry and individuals</p> <p>Located in large shopping center</p> <p>Franchised company</p> <p>Partnerships with companies such as DHL</p> | <p><b><u>Weaknesses</u></b><br/>The location has changed numerous times</p> <p>Employees are undisciplined</p> <p>No knowledge of prior revenue</p> |
| <p><b><u>Opportunities</u></b><br/>Recent rate increases of competitors prompt other business to adopt new ways to send mail.</p> <p>Lack of variation of services of competitors makes Postal Annex standout</p>       | <p><b><u>Threats</u></b><br/>Strong competitors: UPS and FedEx.</p> <p>Other shipping online services.</p>  |

### Summary of SWOT:

#### Internal Strengths

The Postal Annex+ brand is well known across the country for offering a wide range of services that benefit both large companies as well as individual consumers. Their services include: renting private mailboxes, notary public services, high-speed copying, 4-color printing, key duplication, office supplies, faxing services as well as assorted gifts

and greeting cards. Since Postal Annex is a franchised company, people already have a basis of knowledge of what the brand and company is. There is also a large amount of support offered by the franchisors in the form of marketing collateral and business support. Although services may vary from location to location, each franchise has the same expectations and loyalty to customers. This Postal Annex is located in a large shopping center, where hundreds of people see it every day. This Postal Annex location aims to be convenient for their customers and does this by collaborating with other companies as a drop off point. This allows customers to have their package that is being shipping through UPS, DHL, FedEx dropped off at the Postal Annex location and pick up at a more convenient time if they are not home to sign or collect their package.

### Internal Weaknesses

This Postal Annex has moved locations three times in the last three years. Some customers may not be aware of the change, which causes an issue with keeping many of those customers coming back. The employees at this location are undisciplined and often do not work as efficiently as they should. This causes weakness within the store if the employee's work ethics are inconsistent. This location has been under new ownership since July 2016. The store did not run efficiently under previous ownership; therefore, the new owner has no knowledge of previous revenue due to the inaccurate prior reports.

### External Opportunities

According to Pitney Bowes Inc., a global technology company that provides innovative solutions to power commerce, recent rate increases by UPS, FedEx USPS and other business “will prompt [other] U.S shipping businesses to adopt new and innovative solutions and services to optimize sending mail, flats and parcels” (New Shipping and Mailing Rates Provide Opportunities for Business to Save in 2017). Shipping and mailing businesses, like Postal Annex, have the opportunities to stand out by enhancing their services in a multitude of ways (New Shipping and Mailing Rates Provide Opportunities for Business to Save in 2017):

- Facilitating multi-carrier management; enabling a business to select the best carrier for each parcel based on cost and value
- Improve packaging receipt process so “inbound tracking capability becomes as convenient as outbound shipping.”
- Presort mail and parcels. This can help businesses qualify for postage discounts: “Partnering with presort services providers enables businesses to lower mailing and shipping costs.”
- Metering mail saves 3 cents per piece 1-2-3 ounce envelopes; which lower the costs of mail by 46 cents.

New technology helps mailing businesses update their sending operations by simplifying integrating, shipping and mailing; and connecting physical sending with digital systems. There are multiple ways mailing businesses can implement technology into their business (New Shipping and Mailing Rates Provide Opportunities for Business to Save in 2017):

- New cloud- based sending solutions make it quick and easy to send mail, flats and parcels and control and view shipping and mailing costs
- Have pickup information available via desktop, tablet, or mobile device

Competitors such as FedEx and UPS lack the variety of services that The Postal Annex provides. This Postal Annex is unique because a consumer can get more than one potentially needed service in one place instead of having to go to more than one location. Competitors do not offer a wide range of services so this makes The Postal Annex stronger because they can set themselves apart from the competition to their consumers.

### External Threats

Competitors like FedEx and UPS are global companies that have more opportunities for business and a stronger customer base. They offer a lot more of shipment features on their websites such as online payments and scheduling pick-ups of package shipments. These companies are highly recognized around the world and are affiliated with companies who want to ship their products to end consumers.

Many companies are now offering many online services that cut out the need for a company such as The Postal Annex. For example, online companies such as Amazon are now beginning to offer shipping options themselves. This can entice people to want to do more business with Amazon because they know they are handling the product directly without having the hassle of going through shipping companies.

## **Segmentation Research**

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### **Introduction**

The Postal Annex wants to increase foot traffic as well as increase business-to-business sales. We will be focusing on how to target the everyday consumer, the homeowner. Other than very generic ideas, the owner does not know what the target market is or who to target. The market will be segmented through geographic and demographic segments including lifestyle and media traits to outline The Postal Annex's target market. Geographic will be based around the assigned zip codes plus any grey areas.

The goal is to inform The Postal Annex about what the optimal target segment is for both business to consumer sales and business-to-business sales.

### **Research Questions**

1. What segments in the geographic area are the best for The Postal Annex?
2. Once those segments are defined, which would be the best to target?
3. How will The Postal Annex provide value to the targeted segments?
4. Is this market growing, consistent, or slowing down?

### **Research Methods**

Secondary research was used with sources such as:

- Prizm

- Nielsen
- The Postal Annex corporate site

The Prizm database was used to identify the best segments to target. The way the segments were broken down was geographically by the client's assigned area codes. We are focusing on the nearest areas of possible business for this company due to the high competition nearby. We focused on lifestyle and age groups and their preferences.

## **Results/Insights**

Geographic by zip code:

92078, 92084, 92026, 92029, 92027, 92082 (Per email communication)

This segment includes a large variety of people of many income levels. Most were at least middle class to upper class and tended to skew older. While the Postal Annex technically does service all of these locations we want to narrow the target market down by to those segments which are closest to this location. There are two other locations nearby as well as quite a few competitors. The nature of the business and the value of convenience that they offer means that people will most likely only come to this location if they are already nearby.

### **San Marcos Area (92078)**

About 78% of households in this segment earn more than \$25,000. About 70% of the population does not have children. The ages in this segment range evenly from 0-44 years, decreases from ages 45-64, then increases to over 18% for the ages of 65 and over.

- Population: 49,961
- Median Age: 38.1 years old
- Median Income: \$64,200
- Consumer Spend: \$785MM

### **North Escondido Area (92026)**

A large portion of this population is between the ages of 21-34 and earn less than \$25,000. The household composition is evenly divided between one to five or more people living in a house. About 50% of the population is married.

- Population: 53,297
- Median Age: 37.7 years old
- Median Income: \$52,200
- Consumer Spend: \$731MM

### **Valley Center (92082)**

About 40% of the households in Valley Center have an income greater than \$100,000. The population is about 60% white. A large portion of household do not have children.

- Population: 22,255
- Median Age: 40.4
- Median Income: \$81,300
- Consumer Spend: \$354MM

The target market that was found was the San Marcos area with the zip code of 92078. This segment was chosen by their age group and lifestyle preferences. The target consumer would be older-age, San Marcos residents who still appreciate a one-stop shop for all of their mailing needs. This area was chosen because consumers for this type of business look for convenience so we are trying to attract the consumers nearest to the physical location of the store. This will then attract more willingness to come into the store and make a purchase. The one of the beliefs of the business owner is that he has set up his store to where a customer will come in for one specific need but can then see there is more to offer in the store.

## **Target Profiles**

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### **Winner's Circle: Wealthy Middle Age w/ Kids**

This group ranges in ages from 35-54 years-old. They are couples with large families. They live in up-scale scenarios with surroundings of recreational parks, golf courses and upscale shopping centers. This group has a median income of over \$100,000 (Prizm).

2017 Statistics according to Prizm:

- US Households: 1,308,492 (1.06%)
- Median Household Income: \$144,137

Demographics Traits

- Income: Wealthy
- Income Producing Assets: Elite
- Age Ranges: Age 35-54
- Presence of Kids: HH w/ Kids
- Homeownership: Mostly Owners
- Employment Levels: Management and Professional
- Education Levels: Graduate Plus
- Ethnic Diversity: White, Black, Hispanic, Mix

### **Gray Power: Midscale Mature w/o Kids**

This group includes homeowners who are aging in their original place of residency rather than moving to retirement communities. This segment includes older, midscale singles and couples who live in quiet comfort (Prizm).

2017 Statistics according to Prizm:

- US Households: 1,083,576 (0.88%)
- Median Household Income: \$40,737

Demographics Traits

- Income: Midscale
- Income Producing Assets: Above Average
- Age Ranges: Age 65+
- Presence of Kids: HH w/o Kids

- Homeownership: Mostly Owners
- Employment Levels: Mostly Retired
- Education Levels: College Graduate
- Ethnic Diversity: White

There are several reasons why these specific profiles were chosen. This target consumer is 35 years-old or older and has an established lifestyle. We did not focus on income because we think this age group looks for convenience and feasibility of the product. The majority of the people in these profiles have planned their retirement or are already in it. The main mutual characteristic that these groups share is that they all own homes and are no longer worried about attainability of a steady income, they have established it. This means that their willingness to spend increases.

In figure 1.1, according to IBIS World, an industry analysis website, households account for 64.3% of the market. Small businesses come in second place with a percentage of 22.6%.

### **Main Preferences**

Due to the suggested target markets for The Postal Annex of Gray Power and Winner's Circle, we can infer certain insights about the targets' preferences. It is likely that they are not going to want to travel far for the service due to their age and lifestyle. Their lifestyle suggests that they have the resources to spend on a better quality service and expect this better quality service as similar lifestyle choices they make are centered on quality (Prizm). This lifestyle is set, again due to the age of the consumer. The customer has significant spending power as they like to purchase quality goods and are moderately wealthy. This means that the prices should not be too much of an issue and they will appreciate the high quality of service. Most are homeowners and would therefore be interested in the services that The Postal Annex offers other than mail delivery. Their mode of income is set in place and stable so they are able to make more quality based purchases. In figure 1.2, Prizm reinforces the fact that most of these residents, 78% of them, earn above \$25,000 a year.

### **Trends: Past & Future**

#### Past

Postal offices offering shipping and packaging services have always been a necessity in the past years. Over the last five years digital communication has become more prominent among households and businesses, making it difficult for packaging and shipping franchises to gain traction in the industry due the low demand for document and mailing services. However, the increase of digital business has increased demand for photocopying and printing services. In the past five years, packaging and shipping services have gained market share from independent service operators thanks to higher advertising power, along with increased name recognition (IBIS World).

#### Future

The package and shipping service industry is currently in the decline phase of its life

cycle. The industry to the overall economy is expected to decrease 0.1% each year on average. In the years leading up to 2021, the rising prevalence of online services are expected to continue to restrain the industry's profit and revenue growth (IBIS World). Due to online ordering, sustainable packaging is expected to grow over the next five years. Price-based competition among the companies in the industry is expected to accelerate until 2021. This will lead profit margins to decrease from 5.4% down to 5.1% (IBIS World). Pick-up centers are likely to benefit from programs that will turn the chain retail stores into pickup locations where people can come collect their packages.

## **Summary**

Due to the nature of franchised business, we found that the best way to segment was geographically. From there we broke the segments down by demographic and then focused in on the target markets that we felt would work the best with our client. We found that the target consumer is 35 years-old or older and has an established lifestyle. We did not focus on income because we think this age group looks for convenience and feasibility of the product. The Postal Annex can provide the type of high quality, convenient services that this consumer desires and has an opportunity to appeal to this target market. Due to the increase in price-based competition in the coming years due to the market slowdown, it is important to focus on a segment that has spending power.

## **Media Plan Goals**

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The overall goal of Postal Annex #3002 is to gain more customers. They want to do this by increasing their "foot traffic" in their location. Through the launch of this media plan, customers will have more awareness of the products that this location provides in comparison to its competitors.

## **Target Audience**

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### Winner's Circle: Wealthy Middle Age w/ Kids

This group includes families who may own small businesses and range from the age of 35-54 years old. They usually live in the upscale area of San Marcos and have a median income of \$100,000 (Prizm). Most of them own the home they live in so a location within proximity of their home is essential. This group looks for a reliable and close-by place where they can process the deliveries of their business shipments as well as other business-to-business relations.

### Gray Power: Midscale Mature w/o Kids

This group includes homeowners who are 65 years or older and still believe in print as a form of communication with their loved ones. This group may also include the elderly who reside in retirement homes within proximity of Postal Annex #3002. This segment is made up of older, midscale singles and couples who live in quiet comfort (Prizm).

## **Key Messages**

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- Postal Annex #3002 is your one-stop-shop for all of your shipment needs.
- Postal Annex#3002 wants to provide a variety of products within close proximity

of your home or place of business.

## **Communication Tools**

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### **Sales Promotion**

#### Direct Mail Coupons

Coupons will be delivered to businesses but will benefit the elderly target market that we are trying to find the best promotions out there to manage their money better. These prices will be included with the cost of the direct mail since they will be sent out together. The coupon will be within the direct mail advertising that we send out.

### **Print**

#### Direct Mail

The direct mail method of advertising costs from \$0.01 to \$2.50 per piece depending on what the business wants to send out (CostOwl). If the business wants to send out coupons and direct mail in a booklet, where there is other, businesses advertised then it can cost 0.01 to 0.02 cents per ad. However, we want a stand-alone direct mail advertising that can cost \$0.30 to \$2.50 depending on the size and variety of the advertisement (CostOwl). We should pay a fixed cost of \$1.00 per household to make sure the advertisement is a reasonable size and that we can fit in some of the services we provide to inform people of what we have to offer. We will send out these ads to the 1,000 homes and businesses nearest to our location.

#### Billboard

The billboard that we want to use will be set up near the highway of 78 in San Marcos since that is a high traffic zone. The billboard can cost \$700 at the lowest per month. We would like to have it up for the 4 months after summer since that is when everyone is getting back to work and back to school from their vacations. Those four months are also filled with holidays that can increase the foot traffic of the location if people know the Postal Annex #3002 can facilitate the shipment of gifts and holiday cards.

### **Unpaid Media**

#### Facebook

With Facebook, Postal Annex can connect with all of the local businesses around San Marcos that it wants to do business with. Mr. Aziz can get involved in the community and talk to his customers to let them know what kind of offers or specials he has in his location each month. If he does business with a particular company, he can be-friend them on Facebook and post about how he appreciates their business. Facebook is a great way for him to get involved in events happening around the neighborhood and offer his services to facilitate them.

We will be sending out direct mail and coupons the first week of each month and only once a month so that companies and homeowners can use them before they expire. We will also have special coupons for the holidays to encourage people to do business with us. The billboard will be placed by the highway for only 4 months so that we can



### **Single Message**

The Postal Annex is a convenient one-stop shop for all of your office and shipping needs. #GoPostal

### **Support**

Per Postal Annex's website, "Each location serves a growing customer base of homemakers, small and large businesses, offering complete shipping options from whole-house moving to overnight document delivery. In addition, Postal Annex+ service centers offer convenience by providing many office services under one roof."

### **Mandatory Elements**

It is mandatory that we follow the corporate guidelines as far as advertising including logos, colors, and taglines.

### **Media**

We recommend using direct mail as well as physical media to promote this message. We would support this with organic online advertising including SEO management, email campaigns, and social media.

### **Brand Theme**

- Quality service at a quick pace
- Close and conveniently located
- Wide variety of services provided in one place

### **Slogan**

*Need it shipped? Need it packed? Go Postal!*

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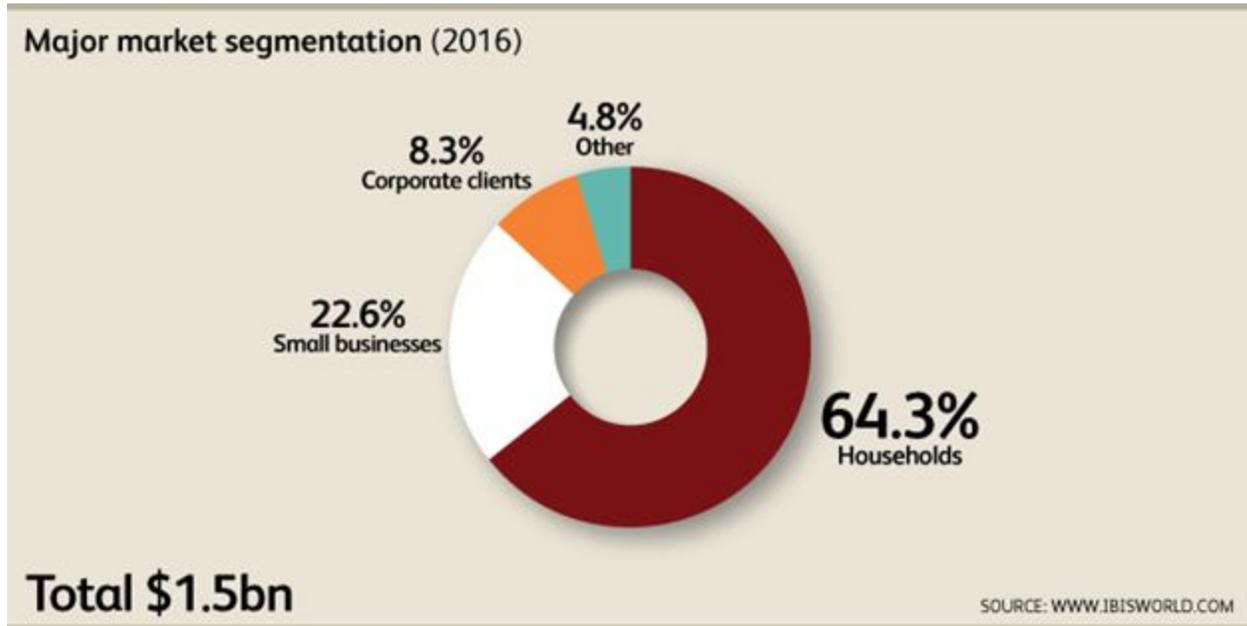
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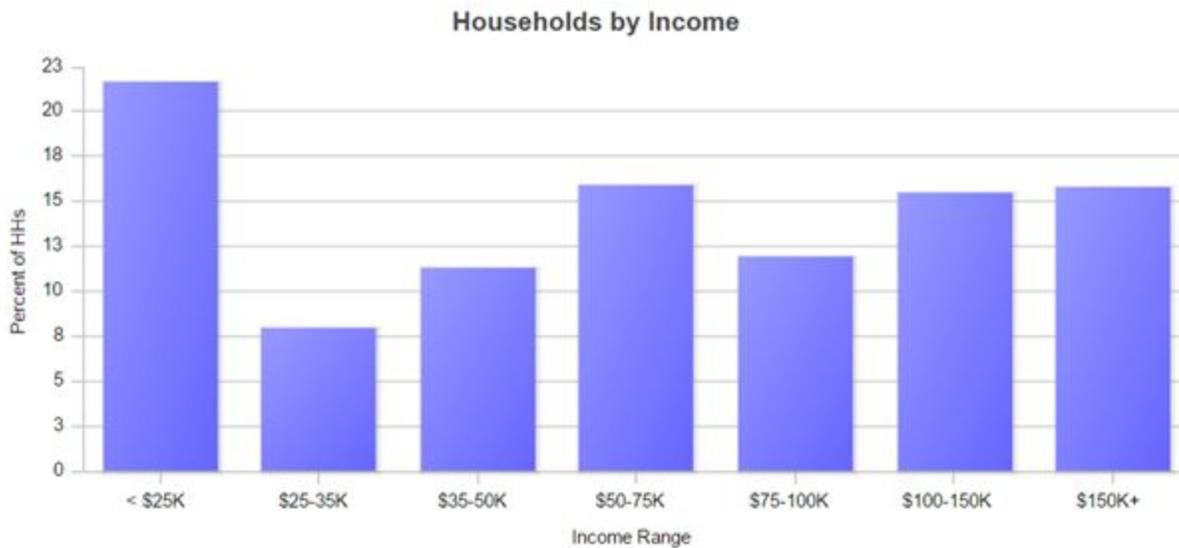
## Appendix

Figure 1.1



(<http://clients1.ibisworld.com/reports/us/industry/productsandmarkets.aspx?entid=5561#DD>)

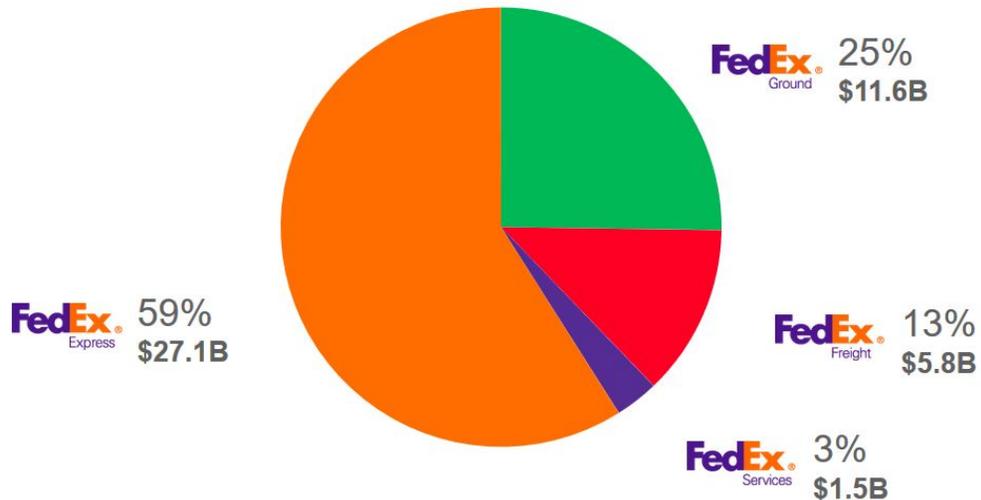
Figure 1.2



(<https://segmentationsolutions.nielsen.com/mybestsegments/Default.jsp?ID=20&menuOption=ziplookup&pageName=ZIP%2BCode%2BLookup>)

Figure 1.3

**FY16 Revenue:** \$50.4 billion  
**Team Members:** More than 400,000  
**Countries and Territories Served:** More than 220



<https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets&id=1426321563187-193>

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Annex Brands Grows 82% In One Day With Acquisition of Pak Mail® Shipping Brand (article)

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