



Marketing Plan 2006-07

CROMWELL & DISTRICTS PROMOTION GROUP

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MARKETING PLAN 2006-07

NOTES:

- This Marketing Plan was approved by the Group's Management Committee, March 2006 meeting.
- The following description is generally an update of previous years 'Marketing Plans'. An 'Annex' is also available on request. It describes the following: Objective; The Group's Constitution; General Role; Promotion; the promotional Mix; and Goals.
- Some proposed items, such as the extension of the Bannockburn Walkway to Ripponvale, and new 'Cromwell Video' have yet to be achieved this current year.
- Both the 'Marketing Plan' and 'Annual Report' are available for public scrutiny on the Group's website www.cromwell.org.nz.

The Cromwell Promotion Group's proposed programme for the 2006-07 period comprises the following activities:

Advertising

This is the most common form of promotion that informs 'customers' in a non-personal manner. Media types are radio, newspapers, magazines and direct mail. It is better to advertise 'smaller' and more often rather than 'larger' and only once. Note the previous television advert on the Destination South programme has been deleted as it has been superseded by a more expensive programme on Sky TV.

The Group's main 'advertising' campaign is via the six race 'Summer Series' where each event has 3000 entry forms printed and distributed around the South Island. Generally, the entry forms are advertising items such as 'Nevis Valley', 'Bannockburn', 'Cromwell facilities' (such as the Sports Club or Boat Club) and 'Lake Dunstan' - and this is the reason why good quality forms are produced. Note that each race is different and may be attracting diverse participants ie the Lake Dunstan Cycle Challenge attracts riders in the more mature age group from Christchurch-Timaru; while the Bannockburn Gutbuster attracts younger male/females from the Otago-Southland region.

Personal Selling

This is the face-to-face technique that endeavours to persuade others to come to Cromwell. It involves the lookout for potential new 'customers', making an approach either personally or via mail or email, and making any necessary follow up. Collection of data, its analysis, and feedback is important to determine potential customers, competitors, and the marketplace in general. The Group's close relationship with the

Information Centre is an important part of this aspect as it represents the 'shop window' of Cromwell.

This activity also involves the Group providing assistance to potential developers of large or small projects - along similar lines to the role played by a Real Estate Agent. It may involve alerting or assisting 'clients' through the various Council processes they are likely to encounter. Past/present examples include liaison with subdivisional activity, Truck Stop, Goldfields Museum, Cromwell College Apartments, Film Studios, Motorsport Park, Central Lakes Equestrian Club etc.

Publicity

Publicity involves a consciously planned effort to create goodwill and should be directed only at the target audience. Techniques range from sponsorship through to media releases. Publicity sent out regularly recognises that editorial in papers is free and may include photographs of lake scenes etc. Positive news has huge long-term value. Other items of publicity may include sponsorship, newsletters, magazines, reporting to members of the Community Board, conferences and hospitality evenings, photography and videos-DVD's.

Sales Promotion

Sales promotions are short term promotional tactics used to inform the public of the benefits of a visit, stay or living in Cromwell. This productive way of getting the public aware of Cromwell may involve contests, trade shows (such as Go-Otago), and brochure display and distribution. Contests are used by the Group at the Canterbury A&P Show where trips for two to Cromwell-Central Otago are given away each year. Apart from the interest created by the contest, the follow-up 'word of mouth' by the winners is an extremely valuable promotional tool. Past winners have included several 'high profile' people from Christchurch and their input in 'sending folk down' has been immeasurable. Prizes are also used in the 'Summer Series'.

Direct Marketing

This tool attempts to communicate directly with the target market. The Group's main use of this method are the six Mountain Bike / Cycle / run-walk races where some 3000 entry forms for each are distributed around the South Island cycle shops, as well as to potential cyclists. These races are designed to promote certain areas of the district ie the Bannockburn Gutbuster = Nevis Valley; the Bannockburn Classic = Bannockburn and the wineries; and Lake Dunstan Cycle = the lake. Also, the Cromwell Handbook has been sent to specific targets such as information centres, touring bus firms, schools and Chartered Clubs.

Direct Marketing has not separated out as a cost activity in the following budgets because it involves postages only, with the bulk relating to the Summer Series.

Group Funding for 2006-07

The following Group expenditure is proposed for the 1 June 2006 to 31 May 2007 term. Explanatory notes are in *italics* and all activities are subject to Cromwell Community Board approval of bulk funding, and incoming Management Committee consideration for specific approval. The Group is registered for GST and all figures are therefore exclusive of GST.

EXPENDITURE

ADVERTISING

Classified advertising	\$5600
<i>Includes advertising in The Bulletin and Noticeboard for items such as 'What's on' in Easter and various Christmas holiday guides (ODT, ST, Mirror, CON, Family Times), advertising supplements etc etc.</i>	
Radio advertising	\$1200
<i>Advertising on local stations for items such as 'What's on' in Cromwell at Christmas, and over the last Christmas period, the Farmers Market. Further radio advertising included in Town Centre Promotions, MTB races, and Local Activity Support. Further information is fed to radio stations as news items.</i>	
Cinema advertising	\$4000
<i>Embassy Theatre, Queenstown. Each filming at three theatres is preceded with Cromwell slides. Also used by Gary Anderson and Golden Gate Lodge.</i>	
Internet	\$3500
<i>Allow for web page updating and maintenance, and annual domain costs for www.cromwell.org.nz (and others). Extra costs are involved with the storing of "The Cromwell Handbook" on the site. The website is used extensively for the various MTB rides where the entry form and results are posted. Site design and maintenance is undertaken by Infocus, Christchurch. Allow for investigation of on-line payment of entry fees for the Summer Series events.</i>	
<u>Total</u>	<u>\$14,300</u>

PERSONAL SELLING

Promotions Officer	\$40,000
<i>This contract is a full time position and contracted to T C Emmitt & Associates Limited.</i>	
Visitor/giveaways	\$1250
<i>Includes hats, pens etc, plus accommodation for 'valued visitors' such as writers or executives. Hats and tee-shirts advertising events such as MTB races become important 'mobile advertisements' for Cromwell.</i>	
Information Centre	\$500

The Group is fully supportive of the Information Centre that is the starting point for all tourist visits to the district - it is the town's 'front window' and is managed by the Central Otago District Council. Assistance and daily liaison is maintained with the Centre and it is considered prudent to allow a small sum for any possible items that may be required.

TRENZ \$1500

Tourism Rendezvous New Zealand is where the country's tourist opportunities are sold to the overseas wholesale market. This activity is undertaken by TCO but it is considered prudent to assist (say) three local Cromwell operators who are planning to attend.

Total **\$43,250**

PUBLICITY

Town Centre Promotions \$5000

This activity is organised by the Cromwell Town Centre Committee, a sub-committee of the Promotion Group. Although some major promotions are self-funding, some are not. Allowance made for Mall entertainment during busy periods, and support for other organisations that bring shoppers into the Mall. Includes advertising and radio promotions for Easter, Labour weekend, and Christmas; and the production of a 'Mall Tearaway Map' (although it is planned that this, as is the Cromwell Tearway map, will be self-funding).

NZMTC - NZ Cup \$6300

Integral part of the Canterbury Campaign and involves sponsorship of two or three races during Cup week and New Year. Assistance from Gaming Machine trusts will be investigated.

Photographs and Displays \$5750

Allow to update library. An updated 'key' photograph of Cromwell, to be used on all promotional material, is still required. Queenstown photographer to be commissioned and \$5000 allowed for that.

Banner and signs \$1500

Allow to signwrite banner, plus maintenance of banners and frame.

Event furniture \$1000

Allow to continually replace broken items of plastic furniture.

Total **\$19,550**

SALES PROMOTION

Canterbury A&P Show \$8,000

The Group's major activity to attract visitors into district and includes one holiday prize to Cromwell-Central Otago. In 2005 other CO Promotions Groups and firms supported the activity with about \$3,000 income, and a similar amount is expected for 2006 event.

Local Activity Support	\$6500
<i>This is used to support small local groups by providing grants for their event advertising and promotion. In some cases the event may not be held if assistance is not available. Some 15-20 organisations are involved with \$1000 each (tentatively) going to Otago Racing Club, Cromwell Golf Club, Central Speedway, Old Cromwell, and Sport Central (as grant for Summer Series assistance). Assistance is also provided to local organisations with advice on fundraising, and health & safety issues. Most groups staging an event would receive \$1-200 for advertising and promotion of their event, on written application.</i>	
Brochures	\$3500
<i>Adequate supplies of the Group's brochures are at hand apart from 'Discover Cromwell'. Distribution of brochures to some 100 Queenstown-Wanaka-West Coast outlets is undertaken by Whyte-Waters Ltd. at an annual cost of \$1400.</i>	
Cromwell Handbook	\$1000
<i>Allow for conversion of Handbook into 'throwaway' CD's.</i>	
Imagery and Logo	\$250
<i>Allow for contingencies.</i>	
<u>Total</u>	<u>\$19,250</u>

OPERATING

Insurances	\$1,500
<i>General policy includes public liability, theft and legal defence for events.</i>	
Stationery and Postages	\$3500
<i>This is a major cost to the Group with MTB races and brochures being the main 'users'. It is difficult to separate use of stamps for MTB rides so they are all included in this activity.</i>	
General Expenses	\$1000
<i>Included in this activity is the purchase (\$600) of daily newspapers (ODT and ST) for Group use.</i>	
Administration Costs	\$7,700
<i>Includes Financial Consultant (Mead & Stark) fees, and audit of accounts. Includes the increased load generated by the Summer Series.</i>	
AGM Expenses	\$1100
<i>It is Group policy to have a 'low-cost' meeting with a 'free' speaker. Includes costs of Cromwell Town Centre AGM.</i>	
Subscriptions	\$400
<i>Allow for cost of membership to TIANZ, OGHT etc.</i>	
<u>Total</u>	<u>\$15,200</u>

Expenditure Summary

	<u>2002-2003</u> (Actual)	<u>2003-04</u> (Actual)	<u>2004-05</u> (Actual)	<u>2005-06</u> (Budget)	<u>2006-07</u> Proposed
Advertising	\$16,676	\$13,796	\$17,561	\$18,600	\$14,300
Personal Selling	\$45,354	\$44,412	\$52,744	\$42,250	\$43,250
Publicity	\$5,975	\$8,723	\$11,428	\$13,350	\$19,550
Sales Promotion	\$22,914	\$9,326	\$23,364	\$22,500	\$19,250
Operating	\$11,694	\$15,577	\$13,094	\$14,750	\$15,200
	<u>\$102,613</u>	<u>\$91,834</u>	<u>\$118,191</u>	\$111,450	\$111,550

Note that the Group received a grant of \$90,000 from the Cromwell Community Board for its 2005-06 programme. The Group has a very conservative approach to spending, seeks and receives various amounts of outside funding, is very legible in its activities and spending, and achieves extremely good value for its 'rate-payer' money spent. The Group is sought \$90,000 from the Board to achieve its Marketing Plan for the coming year, and as outlined in Council's 'Long Term Council Community Plan'.

Future requirements for the Group are considered to remain static over the next three years, however it would be prudent to allow for inflation over the following period with the required grant being \$100,000. The Group is restrained about any major increase as it considered that it should work within budgets or seek funding from outside sources.

Therefore the proposed future grant should be as follows:

Years: 2006/07, 2007/08 and 2008/09 - \$90,000
 Years: 2009/10 onwards - \$100,000

INCOME

Notes on proposed funding:

- Require Cromwell Community Board grant of \$90,000.
- Subscriptions - voluntary subscriptions are levied generally for Mall business \$100; other industry / business \$50; and individuals \$15. With an increasing local base, the income from subscriptions is estimated at \$6,000.
- Grant applications from Gaming Machine Trusts. These have been used as a source of funding for Summer Series rides and other specific projects such as brochure production, Fireworks display, Stamper Model, and Cromwell-Bannockburn Walkway. These grants are for specific purposes and must be used for that purpose. Note that in 2004-05 \$49,987 was received and some \$26,800 expected in 2005-06.
- Mountain Bike / Cycle races - it is expected that a modest profit of \$12,000 will be made on the Summer Series this season, due mainly from a grant

obtained from Gaming Machine trusts, other cash sponsorships, and increased participation (1779 with one event to go, cf total of 1659 last season) and entry fees. Note that the Group received \$19,835 (from Pub Charity) for expenses relating to the 2005-06 Summer Series. This excess is generally put back into the community via the Local Activity Support programme, for equipment such as signs, or assisting Sports Central etc. Cost of organising the events is not allowed for in determining any 'profit'.

- Note: Each year the Group attempts to 'carry over' some \$10-5,000 into the following year from the previous year. Last year there was an overall deficit of some \$6,000 but that was subtracted from the \$19.6k excess from the previous year. It is a Group's policy not to accumulate funds.

Summary of Proposed Income for 2005-06

Grant from Cromwell Community Board	\$90,000
Subscriptions	\$6,000
Summer Series 'profit'	\$12,000
Carried over funds	\$5,000

Total projected income is \$113,000 with an expenditure of \$111,550. This represents a similar budget to the previous year and, although indicating a surplus, a cautious approach should be taken. On the other hand, should a deficit occur it is expected that any shortfall will be 'absorbed' by the system with some events or activities being deleted, altered, or further income being sought from outside sources.

FOOTNOTE:

In February 2006, the Cromwell Community Board considered and approved the Group's funding application for the 2006/2016 years. \$90,000 was approved for the years 2006 to 2009, with \$100,000 for the years 2010 to 2016.

Terry Emmitt
Secretary
2/06; R 3/06