

Setting growth projections from your marketing plan

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Setting realistic growth projections is one of the most important and challenging aspects of running a business. One of the issues is that future growth rates will be profoundly impacted by your marketing plan. Unfortunately, too many businesses fail to make realistic projections.

“If I see another hockey stick forecast this week, I’m going to throw something at somebody,” a venture capitalist [told Tim Berry of BPlans](#).



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Here are a few things that you must take into consideration.

Understand the importance of accurate growth projections

You don't just set growth projections to feel encouraged about the direction of your business. There are much more important reasons to consider:

- You need to accurately forecast inventory needs. If you overestimate growth, you may have a lot of excessive inventory, which will cost a lot of money to store. You will also lose your investment if the inventory goes obsolete. On the other hand, if you underestimate demand, you won't have enough to serve your customers.

- Accurate growth projections are necessary to secure financing.
- Being realistic about future growth is crucial for managing cash flow.
- Understanding how different strategies impact your growth helps you make the most optimal decision.
- You will know whether you need to change your infrastructure or [update software solutions](#) to accommodate demand.

Being overly optimistic can ruin your business. You need to take a solid, actuarially-based approach to setting growth projections. The best place to start is with your marketing plan.

Predicting growth from your marketing plan

Here are some guidelines to help you estimate growth based on your marketing inputs and expected market size.

- **Use surveys and secondary data to estimate demand among your target market**

Marketing research is a crucial part of any marketing strategy. The first and most important step is identifying your target market. The next step is estimating the size.

If there is secondary data available on your market, then you should start with that. However, you will also need to conduct your own primary market research to develop a more accurate insight.

- **Understand the reach of your marketing mediums**

Some marketing mediums provide much more exposure than others. Facebook allows you to reach up to two-billion people in any given month. If even 0.5% of that demographic aligns with your target audience, then it gives you the ability to reach up to 10-million users every month.

Other networks don't give you the opportunity to reach nearly as many potential customers. Your local newspaper may only have 20,000 subscribers and only a tiny fraction of them may be interested in your product.

Compile a list of all the marketing mediums you intend to use, so you can accurately predict customer reach.

- **Be realistic about the limits of your budget**

Even if you have a product with broad appeal, you will be constrained by your budget. You need to estimate your CPA (cost per acquisition) for generating leads and sales. Then you need to work backwards from your budget. If you need to reach more customers but don't have the resources, you should seek additional financing and factor it into your business plan.

- **Don't be overly optimistic about growth hacking marketing strategies**

You have probably heard stories about businesses that launched a viral marketing campaign and generated millions of hits on YouTube, Facebook and other social media platforms. While viral marketing strategies can work, they are the exception rather than the norm. Even if you do generate millions of visits from social media, there is no guarantee that it will convert, because leads generated from interruption marketing don't tend to convert as well as more targeted

campaigns.

It's find to have a viral marketing strategy to promote your business, but don't count on it to provide insane results.

- **Every marketing plan requires realistic growth estimates**

Estimating future growth isn't easy, but it is crucial to meeting your revenue projections. Take the time to understand the nuances of your marketing strategy and be realistic about the results it will achieve.

ABOUT RYAN KH

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