

# **Kreative Kids Marketing Plan**

**April 25, 2009**

## Executive Summary

Kreative Kids day care is a small business that provides day care services to Fayetteville, NC. This small in-home care facility serves children from infant to three years of age. The services provided are safe and secure, providing parents with an excellent alternative to large child care facilities.

In Fayetteville, NC the child care market is competitive for large care facilities. The largest day care facility is Kinder Care. The market for in-home day cares is quite limited.

To get a competitive advantage over the larger facilities, Kreative Kids will employ two different strategies. We will price ourselves lower than the larger commercial run centers. Second, we will market ourselves as a customizable, personal, one-on-one day care center, where children are responded to immediately. Parents will be able to pick and choose what programs they want this child to participate in.

We will only hire the best, most qualified employees, those with professional or educational experience. Parents will be able to meet with all staff members to get to know who will be watching their child.

The small atmosphere of Kreative Kids will provide a home-like, stable setting, which is crucial to children at this stage in their life.

The customers I would like to attract are those who value education. The first market includes full-time working couples, which will account for 80% of my customers. The second, wealthy grandparents, which will account for the other 20%.

Kreative Kids is an exciting opportunity that provides safe and reliable child care to Fayetteville, NC. Through a combination of competitive pricing, excellent curricula and meal plan, outstanding customer service and an excellent staff, Kreative Kids will quickly gain market share and a reputation as a premier child care provider. In the future, growth opportunities are endless.

## Situational Analysis

Kreative Kids is a day care business which will be located in my home on 3302 Melba Dr., Fayetteville, NC. Being a first time mother I have come to realize the current day care facilities in Fayetteville leaves one wishing for more. I have taken it upon myself to create a day care where there is not an overwhelming amount of children, so each child's needs are met promptly and efficiently. Being a recent graduate from Fayetteville State University, I feel I am well-qualified to run a day care business, treating children the way I would want my child to be treated.

### Market Summary

#### **Market Demographics:**

1. Parents (including: legal guardians, grandparents, foster parents)
2. Male and female
3. 20 to 65+ years old
4. Single or married
5. No education to higher level education
6. All races/ethnicities
7. Income level varies, from \$15,000 to \$100,000+
8. Working full time, from 32+ hours a week

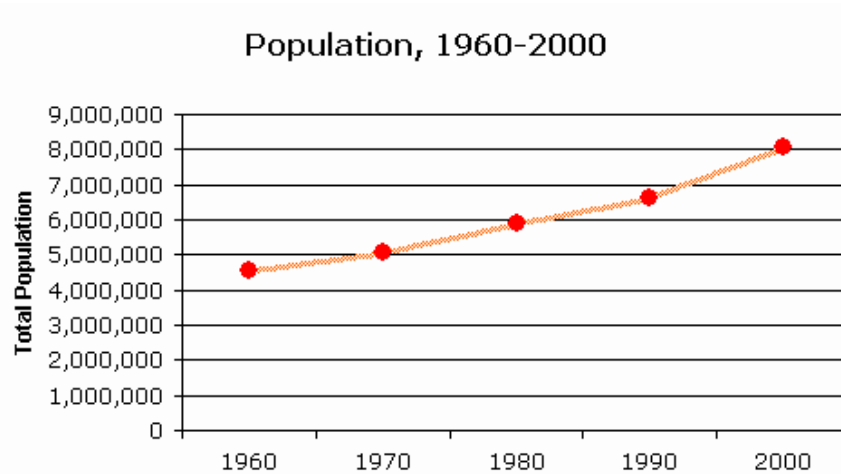
**Market Geographics:** My immediate geographic area is in the Greenbrier neighborhood of Fayetteville. I will expand the geographic area by 50-miles, to include all of Fayetteville, with an estimated population of 122,435.

**Market Needs:** Kreative Kids day care will provide parents the opportunity to give their child the best of the day care business. A variety of options for children will be offered, including, but not limited to, arts and crafts, outside play time, field trips and nutritious meals. Parents also have to opportunity to create a program they feel will fit their child's needs.

**Market Trends:** Recently, birth rates have decline in the US and it is expected to continue, negatively impacting the outlook on the child care services. However, labor force participation rates for women aged over 40 years have increased, resulting in parents opting for childcare services. The decreases in the economy are resulting in more people working overtime or acquiring second jobs. This decrease should increase the amount of parents looking for affordable childcare services.

**Market Growth:** According to the US Census Bureau, the growth rate of Fayetteville, from 1960 to 2000 has increased by 21.43%. Children aged 0 to 5 are 7.5% of the

population, which equates to 9,128 children. Unemployment in North Carolina has increased to 9.5%. However, with the political change, this rate is expected to decrease in a matter of years.



### SWOT Analysis

#### Strengths:

- B.S. in Early Childhood Education from Fayetteville State University.
- Strong and effective interpersonal skills.
- Flexibility to meet each child's needs.
- Great clean home, with several areas for children to play.
- Flexible hours, including Saturdays.
- Discount pricing for long-term and repeat customers, as well as military personnel.
- Free public relations and advertising help from my sister, TaiAnna.
- A sophisticated and effective curriculum, listed in Appendix A.
- A nutritious meal plan, listed in Appendix B.

#### Weaknesses:

- A lack of visibility due to the newness of the operations.
- The ability to attract and maintain customers, due to the declining economy.
- Access to capital may be difficult, due to the limit of loans be given.
- The inability to perfectly forecast the demand of services.
- New to the childcare field, may have difficulty attracting customers.
- In-home childcare may not be most desirable form of childcare.
- No star rating until I have customers, but it may be hard to get customers without the star rating.

### **Opportunities:**

- A growing market with a large percentage of target customers not yet aware of Kreative Kids.
- Trust of local community and military personnel because I am a long-term resident and my husband was a MP in the Army.
- Increased revenue as more and more people start working, thereby unable to care for their children during the day.
- Ability to get a high score on the Star Rating Scale.
- Lower prices than childcare facilities may attract more customers.
- As the number of children served grows, fixed costs are spread thinner over a larger customer base.
- Several channels of communication to advertise in.

### **Threats:**

- Unemployment.
- Competition from already established facilities that improve their service offerings to be more competitive to Kreative Kids.
- Pricing pressure from already established facilities.
- Unfounded "public scares" regarding child care.
- Legal liability issues, either one large suit, or significant increases in premiums due to changes within the operating environment of the industry.

## **Competition**

Kreative Kids day care has competition from two distinct categories: in-home child care and child care facilities. Both of which are direct competition for Kreative Kids. Listed below are strengths and weaknesses of the leading competition.

### **1. Christian Child Care Learning:**

- Strengths: Large church congregation. Already established in market.
- Weaknesses: May not appeal to customers of different religious beliefs. Unlicensed facility. Non-accredited. Monday through Friday only.

### **2. Kinder Care Learning Center:**

- Strengths: Already established in area. Care for infants to 12 years of age. Open 7 days a week. Several locations.
- Weaknesses: Kinder Care is a franchise. A franchise operation is not personal, little to no flexibility, everything is structured and rigid and the centers may have trouble adapting to new environments.

### 3. Family Child Care Homes:

- Strengths: Established in market. "Personal" service. Comfortable, intimate atmosphere. Direct care.
- Weaknesses: Capacity, only allowed a certain number of children. Non-professional stigma.

#### Services Offered

##### **Infants:**

My infant room is warm and homelike to help children feel comfortable and secure. I will meet infants' needs consistently, promptly and lovingly in response to each child's individual schedule. I will encourage infants to use their senses and their rapidly growing physical and cognitive skills to explore their environment.

I will make sure parents are informed daily about their child's growth and development. The infants' needs will be monitored constantly and all feedings, diaper changes and other activities are recorded for the parents' review.

##### **Toddlers:**

An appropriate program for toddlers provides a balance between a toddler's conflicting needs for security and independence. I will respond to the toddlers' struggles to become independent by allowing them to make simple choices and to do things for themselves.

Treating each child as an individual is critical at this time in their lives and helps each one start developing his or her full creative potential.

##### **General:**

All clientele will be able to leave their children in the facility from 7 a.m. to 7 p.m. Monday through Friday. Every child will receive breakfast, lunch and two snacks. Infants will receive Infamil formula a maximum of 5 times a day. A sample menu and the curriculum are included in the appendices.

#### Keys to Success

- Marketing: differentiating Kreative Kids care giving and educational services from traditional day care offerings and extra curricula activity programs.
- Service quality: care giving and educational programs provided by a degreed and certified educator in a technologically advanced, educational environment.
- Reputation: maintaining a highly regarded reputation for excellence in care giving and education. Being the employer of choice in the child care market.

- **Profitability:** controlling costs and managing budgets in accordance with business goals, adhering to strategic business plans for growth and expansion and reinvesting in the business.
- **Clientele:** establish good relations with the parents by growing trust. Establish long term clients.
- **Curriculum:** an up-to-date curriculum, implementing current technological products.

### Critical Issues

**Certification:** The certification process is listed in Appendix C. Must be completed before operations start.

**Marketing:** Start with posting advertisements in the local newspaper, flyers distributed in the area and on bulletin boards, free website advertisements. Needs to be done a week before operations start and until client base is built.

**Equipment:** Equipment immediately required include changing tables, diaper cans, additional baby proofing, play set for backyard, accounting software such as Quickbooks, groceries, mats, additional pillows and blankets, arts and crafts supplies and educational toddler and infant toys and activities.

**Staff:** Two part-time employees, with previous experience or a degree in Childhood Education or similar. 30 hours a week, Monday through Friday, \$9.50 an hour. Morning shift: 7 a.m. to 2:30 p.m. and an Afternoon shift: 12:30 p.m. to 7 p.m. Need to interview and hire two weeks before operations start.

## Marketing Strategy



**3302 Melba Dr.  
Fayetteville, NC**

### Mission Statement

Kreative Kids exists to provide a safe, developmentally appropriate environment for infants to preschool aged children. Our focus is to provide a stimulating early care and education experience which promotes each child's social, emotional, physical and cognitive development. The goal of Kreative Kids is to provide quality child day care benefiting the child, the parent, the staff and the community.

### Market Objectives

The single objective is to position Kreative Kids as the premier source for childcare in the Fayetteville area.

**To increase awareness within the target markets by August 2009:** regarding the services offered such as time, days, meals and curriculum.

**To build a consistent customer base by the end of fiscal year 2009:** establishing connections with the targeted markets and work towards building customer loyalty and referrals.

**To provide quality childcare to all clientele on a consistent basis:** regarding the meals and curriculum offered.

**To create a positive reputation within the community on a consistent basis:** create a positive word of mouth reputation as the premier source of childcare.

### Financial Objectives

**First year:** Within the first year I hope to break even, with no net loss. Breaking even consists of deducting all operational and financing expenses.



**Subsequent years:** In subsequent years, I wish to earn a net income of \$20,000+, includes deducting operational and financing expenses. I also want to achieve revenue growth of 5% per year, increase my earnings by 10% after the first two years.

**By 2014:** I wish to open my own day care center in Fayetteville and have a customer base of 30 children, staff of 6, including myself.

### Target Market

**Full-Time Working Couples:** the most dominant segment of the target markets is composed of parents aged 25 to 40. They are married and have a combined income of \$50,000. I need to establish a regular client base in order to establish the healthy, consistent revenue base which will ensure stability of business.

**Wealthy Grandparents:** Aged 50 to 65. An income or retirement fund of \$75,000+, higher education who values and appreciates early developmental learning.

### Positioning

For parents who value the importance of higher education and quality child care services, Kreative Kids offers a great alternative to traditional child care. Unlike those programs, Kreative Kids combines child care services with a modified collegiate level curriculum, tailored just for kids.

I want consumers to perceive my service as exceptional and well worth the additional fees for above average care.

### Services Offered for a Fee

Additional services include providing dinner, diapers, additional or specialized formula, staying after hours and weekend care. The fee for such items have not been decided as of yet, but will be in the future.

Potential services could include field trips or holiday parties.

### Price

In North Carolina the average annual fees paid for full-time care for an infant in a family child care home is \$6,264, or \$522 a month. Due to the educational curricula, nutritious meals and extra services I offer, I will be charging \$625 a

month. After 6 months of continuous service I will offer a discount of \$25. For active military personnel, this discount can be applied at the start of a contract.

In subsequent years, child care prices are likely to raise, and I will continue to charge an additional \$100 above average fees. Until I am able to offer specialty services, such as well qualified staff members, the highest quality of technology, and such, I will continue to charge only \$100 above average prices.

### Promotion

For promotion I will focus on advertising in *The Fay Observer*, the local newspaper. I will post an ad every week, starting two weeks before I begin operations. I will also distribute out-of-home flyers, offerings a special introductory rate of \$100 off the first month. Lastly, I will focus on interactive advertising. Posting ads on Craig's List, buying an ad in the online Yellow Pages, and advertising on local sites that discuss child care facilities in Fayetteville.

I will also contact the local newspaper and see if they would be interested in doing a human interest piece on my new businesses.

In the future, a website will be developed to promote my business.

### Place

This is a service based business, so my distribution is really where my center will be held. My home, located on 3302 Melba Dr. in Fayetteville, NC.

### Package

Because this is a service based business, no packaging is needed. I will package my services, the standard package will include Monday through Friday, from 7 a.m. to 7 p.m., including breakfast, dinner and two snacks.

Additional packages will include weekend service, dinner service, after hours service and providing additional supplies, such as diapers, specialized formula, etc.

Packages can also be created on an individual basis and pricing will be adjusted to fit the consumer's needs.

### **Customer Service**

The first goal of my customer service strategy is to recognize each customer, and refer to both parent and child by name. Within the first week of having a new client, I want to be sure they know my home as the child would and introduce them to all my staff members. I also want to hold a monthly meeting with each parent, where we can assess the services I have provided.

With the infants I will be caring for, I will record all of the child's daily activities and provide this record for the parent.

### **Market Research**

I will conduct both primary and secondary research. When I hold my monthly meetings, I will also provide an optional survey for parents to take. A sample survey is listed in Appendix D. I will also have an anonymous suggestion box at the entry of my home. I will also peruse websites and see what reviews have been left for either my day care or other day care facilities in the area.

# Financial Projections

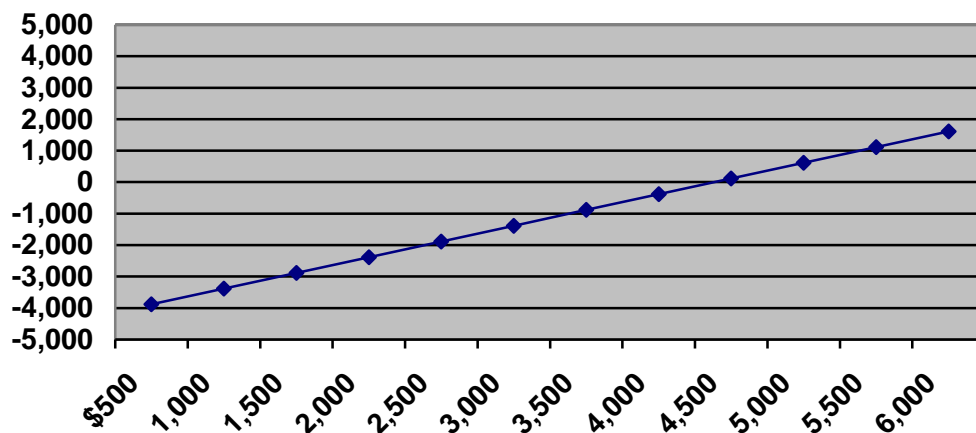
## Break Even Analysis

The break even analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. The tables, listed below, illustrate the number of sales I need to make in order to break even.

<b>Fixed Costs per Month</b>	
Utilities	\$200
Recurring Marketing Expenses	\$220
Payroll	\$2,280
Groceries	\$500
<b>Total</b>	<b>\$3,200</b>

<b>Break Even Analysis</b>	
Monthly revenue break even assumptions:	\$4,384
Average percent variable costs:	37%
Estimated monthly fixed costs:	\$3,200

Monthly Break-even point at \$4,384



## Revenue Forecast

If I maintain an average of 7 children, at \$625 a month, two part-time staff members at \$9.50 an hour, and my predicted fixed costs and variable costs are correct, I should be able to break even within the first year. If I raise my rate \$100 a year and charge extra for additional services I should be able to start making a profit after the first year is over.

## Appendix A Curriculum

### Bright Baby:

- Language Development
- Cause and Effect
- Approaches to Learning
- Large/Small Muscle Skills
- Phonological Awareness
- Social/Emotional Development
- Creative Arts and Expression

### Toddlers:

- Language Development
- Color Recognition
- Social/Emotional Development
- Creative Arts and Expression
- Phonological Awareness
- Cause and Effect
- Approaches to Learning
- Large/Small Muscle Skills

### Twos:

- Language Development
- Color Recognition
- Problem Solving
- Social/Emotional Development
- Creative Arts and Expression
- Phonological Awareness
- Shape Recognition
- Cause and Effect
- Approaches to Learning
- Large/Small Muscle Skills

### Threes:

- Language Development
- Color Recognition
- Problem Solving
- Social/Emotional Development
- Creative Arts and Expression
- Phonological Awareness
- Shape Recognition
- Cause and Effect
- Approaches to Learning
- Large/Small Muscle Skills
- Letter and Sound Recognition
- Counting, Sequencing, Predicting and Graphing
- Number Recognition
- One to One Correspondence

## Appendix B

### Sample Menu

	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>
Breakfast	Milk Strawberries Kix Cereal	Milk Orange Pancakes	Milk Banana Waffles	Milk Peaches Oatmeal	Milk Blueberries Pancakes	Milk Mixed Fruit French Toast
Snack 1	Cheese Wheat Thins	Milk Oatmeal Cookies	Apple Juice Goldfish Crackers	Raisins/ V-8 Cheez-Its	Yogurt Granola Cereal	Grapes Soft Pretzel
Lunch	Milk Hamburger French Fries Mixed Fruit	Milk Grilled Cheese Tomato Soup Pears	Milk Chicken Strips Broccoli Potato Salad	Milk Spaghetti Green Salad Breadsticks	Milk Sandwiches Baked Chips Apples	Milk Pizza Fruit Salad
Snack 2	Mango Croissant	Sliced Grapes Ritz Crackers	Yogurt Blueberries	Kiwi Raisin Toast	Strawberries Rice Cakes	Banana Nut Bread

Meal suggestions are always welcomed. Dinner can be provided for an additional fee.

## Appendix C

### Family Child Care Home Application Process:

1. Contact the Division of Child Development to request a Family Child Care Home Application Packet. You may reach the Division at 800.859.0829 (in-state calls only) or 919.662.4499. There is no cost for the Application Packet. The packet contains age and education requirements, an operator checklist, application forms, and a printed materials order form.

A copy of the child care law and rules are not included in the application packet. You will need to purchase these documents by completing the printed materials order form that is included in the packet. You may purchase a single copy of the child care law and rules for homes or purchase the Family Child Care Home Handbook, which includes the law and rules, as well as additional handouts and resources. Be sure to check with your county or city governments to find out if there are additional local standards.

2. If you have questions regarding the information in the application packet, contact the child care consultant that is listed on the cover of your packet.

3. Complete the application form and mail it to your consultant. Your consultant will usually contact you within two weeks of receiving your application to arrange a time to visit your home and complete the application process.

4. The application packet also explains the steps to complete the required Criminal Records Background Check. The operator of the Family Child Care Home, as well as any employees, must complete the Criminal Record Background Check. New Family Child Care Home providers must ensure that all household members over the age of 15 who are present while children are in care also complete a Criminal Record Background Check.

5. Once it is determined that all applicable requirements have been met, the license will be issued.

6. Many local resource and referral agencies offer family child care home pre-licensing workshops. These workshops provide an overview of the North Carolina Family Child Care Home regulations, and can be helpful if you are planning to open and operate a family child care home. Contact your local resource and referral agency to find out their schedule of upcoming workshops.

## Appendix D

### Sample Survey:

How long have you been using the Kreative Kids day care services?

What services did you use before?

What did you like about the previous services?

What do you like about Kreative Kids services?

Is there anything about Kreative Kids you would change or improve upon?

Are you satisfied with the care provided to your children?

Any additional comments?