

# Chapter 2

## The Marketing Plan

- Section 2.1 Marketing Planning
- Section 2.2 Market Segmentation



- ***ESSENTIAL UNIT QUESTIONS:***

What is a marketing plan and how does it impact the success of a business?



# Marketing Planning

## Learning Goals


- Understand **SWOT Analysis**
- Understand the elements of the **Marketing Plan**
- Understand **sales oriented vs. marketing oriented**
- Understand costs: **Fixed vs. Variable**
- Understand the concept of **positioning** a product
- Understand the areas of **Market Segmentation**

# Marketing Planning

## **SWOT analysis**

An assessment of a company's strengths and weaknesses and the opportunities and threats that surround it;

SWOT:  
strengths,  
weaknesses,  
opportunities,  
threats.

A business can analyze its strengths, weaknesses, opportunities, and threats using a process called a **SWOT analysis** . This helps because it:

- prepares a company for competition or a changing marketplace.
- provides guidance and direction for future marketing strategies.

# Marketing Planning

<b>Internal Factors</b> (Company, customers, competition)	
<b>Strengths</b>	<b>Weaknesses</b>
<b>External Factors</b> (PEST—political, economic, socio-cultural, technological)	
<b>Opportunities</b>	<b>Threats</b>

- Pick any company do a SWOT analysis:
- Think of 1:
  - Strength
  - Weakness
  - Opportunity
  - Threat

# Internal Strengths and Weaknesses

Strengths and weaknesses are internal factors that affect a business operation. The analysis centers around three Cs:

- Company
- Customers
- Competition

# Internal Strengths and Weaknesses

When evaluating itself, a company must analyze these areas:

- Company staff
- Financial situation
- Production capabilities



# Four Ps of Marketing Mix

The company must also consider the four Ps of the Marketing Mix:

- 1.** Product
- 2.** Place
- 3.** Price
- 4.** Promotion

# Customer Analysis

Companies study buying patterns using surveys or conducting interviews with people in their target markets. These methods help to:

- find out what pleases or dissatisfies customers.
- create interest-specific ads and catalogs.

# Positioning

- Getting people to think about your product a certain way. It is important to consider how you plan to position your product.
- Sales oriented vs. Marketing oriented

# Competitive Position

To help a company find its strengths and weaknesses, the following questions may be asked:


- What market share does the company have?
- What advantages does the company have over its competitors?

- Choose a specific auto company. Think of one advantage they have over their competitors.

# Environmental Scan

## environmental scan

An analysis of outside influences that may have an impact on an organization.

A business may conduct an **environmental scan**  to methodically examine four main areas of the marketplace. The acronym PEST refers to these four factors:

- Political
- Economic
- Socio-cultural
- Technological

# Political

Political issues center around government involvement in business operations, such as:

- Laws
- Regulations

# Economic

Businesses are always interested in the economy, which is affected by factors such as:

- Unemployment rate
- Inflation
- Retail sales figures
- Productivity
- Costs: Fixed vs. Variable



# Socio-Cultural

A socio-cultural analysis is based on customers and potential customers. It focuses on their:

- Attitudes
- Lifestyles
- Opinions

# Socio-Cultural

Social cultural analysis also considers:

- Age
- Income
- Occupation
- Education level
- Marital status

# Technological



After crashing into a tree, Michelle Creager and her sons experienced firsthand the valuable assistance of an OnStar® Advisor.

**“Out of nowhere, there was a voice and she said help was on the way.”**

**In the moments after the crash, Michelle Creager heard two scared little voices. And one reassuring one.**

On their way to the babysitter's, the Creagers' minivan hit a slick spot on a two-lane highway, plunged down an embankment and slammed into a tree, deploying the air bags and landing in a steep ditch filled with water.

Critically injured, Michelle drifted in and out of consciousness. Four-year-old Evan was still inside the vehicle, while two-year-old Jacob got out of his child safety seat and was crawling through the ditch.

Changing technology may be a threat for one industry, but an opportunity for others. Companies develop new products or capitalize on new developments by making products to support them.

# **DAILY JEOPARDY**

## Learning goal

- Understand the purpose of the **Marketing Plan**.

# Writing a Marketing Plan

## marketing plan

A formal written document communicating the goals, objectives, and strategies of a company.

Marketers create a **marketing plan**  to communicate aspects such as:

- Company goals
- Specific responsibilities
- Budgets and deadlines
- Overall performance

# Writing a Marketing Plan

The six basic elements of a marketing plan are:

1. Executive summary
2. Situation analysis
3. Marketing goals/objectives
4. Marketing strategies
5. Implementation
6. System for evaluation and control

# Writing a Marketing Plan

## **executive summary**



A brief overview of an entire marketing plan.

## **situation analysis**



The study of the internal and external factors that affect marketing strategies.

An **executive summary** ◀ briefly summarizes the marketing plan.

The **situation analysis** ◀ studies the internal and external factors that affect marketing strategies based on the SWOT analysis. (strengths, weaknesses, opportunities, threats)



- **Goals and Objectives:** Efforts to achieve a specific, realistic, and measurable outcome for something in a set time frame.

# Marketing Planning

## marketing strategy



Identification of target markets and determination of marketing mix choices that focus on those markets.

A **marketing strategy** identifies target markets and sets marketing mix choices. The strategy is determined by the company's or product's competitive position and the SWOT analysis.

# Marketing Strategies

A good marketing strategy will focus on points of difference between companies in areas such as:

- quality
- distribution
- ad campaign
- pricing

### **sales forecasts**

The projection of probable future sales in units or dollars.

## **Implementation: Make the Plan, Work the Plan**

A timetable shows where the plan come into play, such as:

- Schedule of activities
- Job assignments
- **Sales forecasts** ◀
- Budgets and personnel

## Evaluation and Control

### performance standard

An expectation of performance that reflects a company's goals and marketing plan objectives.

To evaluate how well a marketing plan is being carried out, **performance standards** ◀ measure progress against the plan's original objectives.



# **DAILY JEOPARDY**

# Market Segmentation

## Learning goal

- The purpose of **market segmentation** is to create a customer profile.

# Identifying and Analyzing Markets

## market segmentation

The process of analyzing and classifying customers in a given market to create smaller, more precise target markets.

Companies identify groups of people who have common interests and traits. This is called **market segmentation** ◀. Businesses use these groups to create market-specific ads and products.



# Identifying and Analyzing Markets

The four factors that help segment a market and describe a target market are:

- Demographics
- Geographics
- Psychographics
- Behavioral factors

Generation	Characteristics	Influencers
<b>Mature or Silent Generation (1928-1945)</b>	Hard working, married young, family-friendly, affluent, domestic, activist, conventional	World War II, the start of the Cold War, sub-urbanization, Korean War, Elvis Presley, women's liberation
<b>Baby Boomers (1946-1964)</b>	Experimental, individualist, free spirited, self-believing, self-fulfillment, self-improvement, rejection or redefinition of traditional values, spiritualist, sub-cultural explosion	The Cold War, the rise of television, the Kennedy and King assassinations, the Civil Rights Movement, the Beatles, The Vietnam War, first Apollo moon landing, Woodstock
<b>Generation X (1965-1979)</b>	Rebellious, independent, entrepreneurial, anti-establishment, skeptical, ecologically-minded, anti-consumerist, short attention spans, multi-career minded	Watergate, the 1970s oil shocks, the Iran hostage crisis, rising divorce rates, the PC revolution, AIDS, grunge music
<b>Generation Y or Millenials (1980-1994)</b>	Style-conscious, tech-savvy, prematurely affluent, independent, socially and environmentally aware, pro-community, pro-multi-culturalism, pro-gender equality	The fall of the Berlin Wall, the birth of the Web, the dotcom boom and bust, 9/11, growth in social media, rebirth of pop culture
<b>Net Generation (1995-Present)</b>	Web and technology savvy, brand conscious, community minded, pro-multi-culturalism, pro-equality	Explosion in social media, War on Terror, growth in mobile technology, Bush Administration/Obama election, reality TV

# Identifying and Analyzing Markets

## **demographics**

Statistics that describe a population in terms of personal characteristics such as age, gender, income, marital status, ethnicity, education, and occupation.

**Demographics** ◀ refer to statistics that describe a population in terms of personal characteristics such as:

- Age
- Gender
- Income

# Identifying and Analyzing Markets

- Marital status
- Ethnic background
- Education
- Occupation

# Identifying and Analyzing Markets

## **disposable income**

The money left over after taxes are taken out of a consumer's income.

## **discretionary income**

The money left over from a consumer's income after paying for basic living necessities such as food, shelter, and clothing.

When calculating how much products should cost, marketers look at:

- **disposable income** ◀
- **discretionary income** ◀

# Geographics

## **geographics**

Segmentation of the market based on where people live.

The term **geographics** ◀ refers to segmentation of the market based on where people live. To segment a market geographically, you can refer to:

- Local and regional markets
- National and global markets

## **psychographics**

Studies of consumers based on social and psychological characteristics.

# **Psychographics**

**Psychographics** ◀ involves grouping people with similar:

- Lifestyles, attitudes, values, and opinions.

The different sections of magazines in a bookstore illustrate segmentation by:

- Activities and interests

# Behavioral

Separating the market based on product-related behavior involves looking at the:

- Benefits desired by consumers
- Shopping patterns
- Usage rate



# Behavioral

By studying consumer behavior, many businesses find that 80 percent of a company's sales are generated by 20 percent of its customers. This phenomenon is known as the "80/20" rule.

## Mass Marketing versus Segmentation

### **mass marketing**

Use of a single marketing plan to reach all customers.

When products have universal appeal and few features differentiate them from competitors, mass marketing is used. **Mass marketing** involves using a single marketing strategy to reach all customers.



# **DAILY JEOPARDY**

# FOCUS on KEY POINTS

## Section 2.1

- A SWOT analysis identifies a company's internal strengths and weaknesses, as well as external opportunities and threats.

continued

## FOCUS on KEY POINTS

### Section 2.1

- A marketing plan is a written document that directs the marketing activities of a company for a specific period of time. The elements include an executive summary, a situation analysis, marketing goals/objectives, and marketing strategies.

continued

## FOCUS on KEY POINTS

### Section 2.2

- Marketing segmentation classifies people in a given market into smaller groups.
- Demographics can be broken down into age, gender, income, marital status, and ethnic background.

continued

## FOCUS on KEY POINTS

### **Section 2.2**

- Geographics relates to similarities among people who live in a certain area. Psychographics groups people with similar lifestyles, attitudes, values, and opinions.