

Chapter 2

The Marketing Plan

- Section 2.1 Marketing Planning
- Section 2.2 Market Segmentation



Marketing Planning

Key Terms

SWOT analysis

environmental scan

marketing plan

executive summary

situation analysis

marketing strategy

sales forecasts

performance standard

Objectives

- Conduct a SWOT analysis
- List the three key areas of an internal company analysis
- Identify the factors in an environmental scan
- Explain the basic elements of a marketing plan

Marketing Planning

Graphic Organizer

Follow the outline to identify the steps of a marketing plan.


	Elements of a Marketing Plan
	I. Executive summary
	II. Situation analysis
	III.
	IV.
	V.

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

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

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.

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?

External Opportunities and Threats

Businesses must always look for opportunities to create competitive advantage if they are to succeed in the marketplace.



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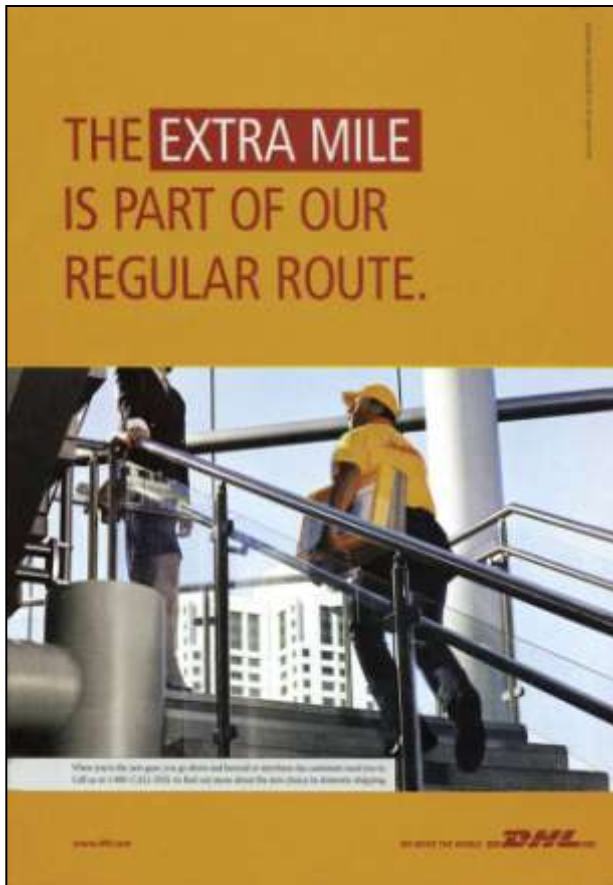
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Competition


Changes in competing companies' financial situations affect the marketplace. Conducting a SWOT analysis helps a business react and adjust to these shifts.



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

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 voice 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.

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.

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 Planning

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.

The slide features a red top border with a blue and yellow wavy pattern. A red banner at the top center contains the text "SECTION 2.1 REVIEW" in white. Below the banner is a large green chalkboard with a red border and gold corner fasteners. Gold decorative swirls are placed at the top-left, top-right, bottom-left, and bottom-right corners of the chalkboard area. The bottom of the slide has a white wavy border.

SECTION 2.1 REVIEW

SECTION 2.1 REVIEW

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Market Segmentation

Key Terms

market
segmentation
demographics
disposable
income
discretionary
income
geographics
psychographics
mass marketing

Objectives

- Explain the concept of market segmentation
- Analyze a target market
- Differentiate between mass marketing and market segmentation

Market Segmentation

Graphic Organizer

Use a chart like the one below to list differences between mass marketing and market segmentation.

Mass Market Versus Market Segmentation	
Mass Market	Market Segmentation
Definition	Ways to segment 1. Demographics 2. 3. 4.

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

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

psychographics

Studies of consumers based on social and psychological characteristics.

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.

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SECTION 2.2 REVIEW

SECTION 2.2 REVIEW

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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.



This chapter prepared you to meet the following DECA performance indicators:

- Describe the need for marketing information.
- Explain the nature of marketing planning.
- Identify market segments.
- Select target market.
- Make oral presentations.



CHAPTER 2 REVIEW

CHAPTER 2 REVIEW

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