Chapter 2
The Marketing Plan

• Section 2.1  Marketing Planning
• Section 2.2  Market Segmentation
Marketing Planning

**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.
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)

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<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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### External Factors
(PEST—political, economic, socio-cultural, technological)

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<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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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.
Competition

Changes in competing companies’ financial situations affect the marketplace. Conducting a SWOT analysis helps a business react and adjust to these shifts.
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
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
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 Essentials Chapter 2, Section 2.1

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
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

sales forecasts
The projection of probable future sales in units or dollars.
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.
SECTION 2.1 REVIEW
Market Segmentation

Objectives

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

Key Terms

market segmentation
demographics
Disposable income
discretionary income
geographics
psychographics
mass marketing
Market Segmentation

Graphic Organizer

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

<table>
<thead>
<tr>
<th>Mass Market</th>
<th>Market Segmentation</th>
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<tbody>
<tr>
<td>Definition</td>
<td>Ways to segment</td>
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<td>1. Demographics</td>
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Identifying and Analyzing 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

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

- **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.
Geographics

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 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

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.
Section 2.1

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