

# Marketing Essentials



## Chapter 2

### the marketing plan

#### Section 2.1 Marketing Planning

#### Section 2.2 Market Segmentation

# Marketing Planning



## Before You Read

**CONNECT** Suppose you had to market yourself as a student. What are your strengths?

## OBJECTIVES

- **Learn** how to conduct a SWOT analysis.
- **List** the three key areas of an internal company analysis.
- **Identify** the factors in a PEST analysis.
- **Explain** the basic elements of a marketing plan.

## **THE MAIN IDEA**

A company looks at itself and the world around it to create a marketing plan for reaching goals.

## VOCABULARY

- SWOT analysis
- PEST analysis
- marketing plan
- executive summary
- situation analysis
- marketing strategy
- sales forecasts
- performance standard



# Marketing Planning

## Graphic Organizer

### Marketing Plan

1. Executive Summary	
2. Situation Analysis	
3. Objectives	
4. Marketing Strategies	
5. Implementation	
6. Evaluation and Control	

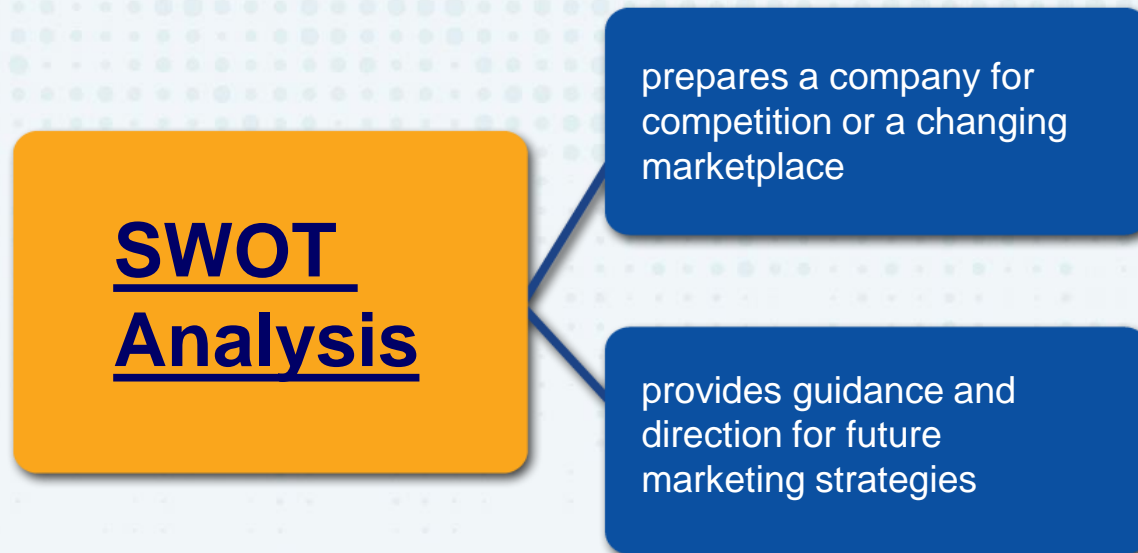
# Marketing Planning

## Graphic Organizer

### Marketing Plan

1. Executive Summary	Provides an overview of plan and explains costs involved in implementing the plan.
2. Situation Analysis	Provides an examination of factors and trends that affect marketing strategies.
3. Objectives	Describes what the plan will accomplish.
4. Marketing Strategies	Identifies target markets and marketing mix choices focused on those markets.
5. Implementation	Outlines how implementation will be accomplished and provides sales forecasts.
6. Evaluation and Control	Explains how objectives will be measured and who will evaluate.

## SWOT Analysis



### SWOT analysis

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



# Marketing Planning

## SWOT Analysis

SWOT	INTERNAL		EXTERNAL	
	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"><li>▪ large market share</li><li>▪ reputation for quality</li><li>▪ creative product developers</li></ul>	<ul style="list-style-type: none"><li>▪ low profit</li><li>▪ few employees</li></ul>	<ul style="list-style-type: none"><li>▪ competitors going out of business</li><li>▪ strong economy</li><li>▪ few direct competitors</li></ul>	<ul style="list-style-type: none"><li>▪ legal issues</li><li>▪ decreasing amounts of natural resources</li></ul>

## Internal Strengths and Weaknesses

### The three C's of internal analysis

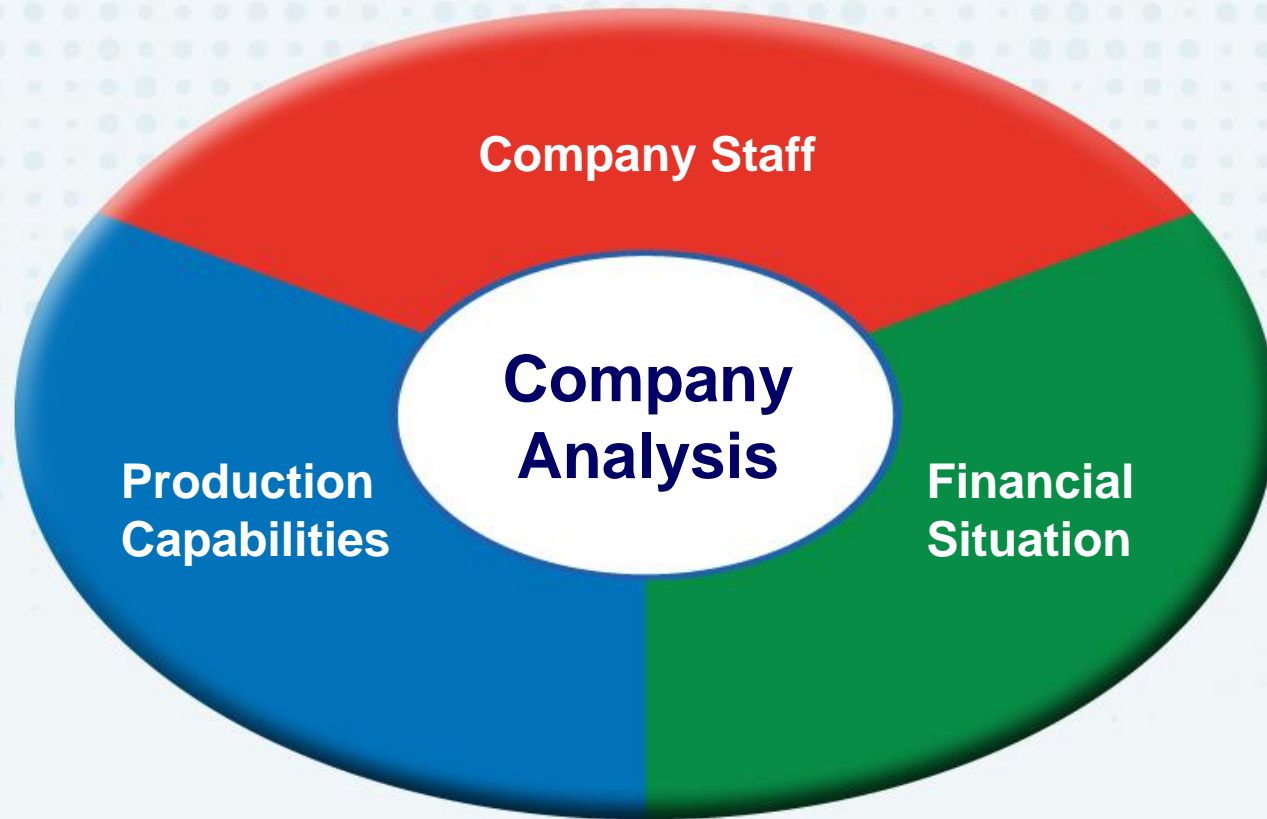
**C**ompany

**C**ustomers

**C**ompetition

Strengths and weaknesses are internal factors that affect a business's operation.

## Internal Strengths and Weaknesses



# Marketing Planning

## Internal Strengths and Weaknesses

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### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

### **P** PRODUCT

Choosing what products to make and sell.



## Internal Strengths and Weaknesses

### Graphic Organizer

#### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

#### **P** PRODUCT

Choosing what products to make and sell.

- ▶ Product development
- ▶ Product design
- ▶ Product features
- ▶ Product improvements



## Internal Strengths and Weaknesses

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### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

### **P** PRICE

What is exchanged for the product?



# Marketing Planning

## Internal Strengths and Weaknesses

### Graphic Organizer

#### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

#### **P** PRICE

What is exchanged for the product?

- ▶ What are the customers willing to pay?
- ▶ Consumer prices versus reseller price.
- ▶ What does the competition charge?

# Marketing Planning

## Internal Strengths and Weaknesses

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### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

### **P** PLACE

The means of getting the product into the consumers' hands.



## Internal Strengths and Weaknesses

### Graphic Organizer

#### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

#### **P** PLACE

The means of getting the product into the consumers' hands.

- ▶ Which geographic areas?
- ▶ Which channels of distribution?
- ▶ Sold directly or through intermediaries?

# Marketing Planning

## Internal Strengths and Weaknesses

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### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

### **P** PROMOTION

How customers will be told about a company's products.





# Marketing Planning

## Internal Strengths and Weaknesses

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### MARKETING MIX (FOUR Ps)

<b>P</b>	PRODUCT	<b>P</b>	PLACE
<b>P</b>	PRICE	<b>P</b>	PROMOTION

### **P** PROMOTION

How customers will be told about a company's products.

- ▶ Advertising, personal selling, sales promotions, and publicity.
- ▶ The message and the media selected.

## Internal Strengths and Weaknesses

**What do customer surveys and customer interviews reveal?**

Who are the customers?

How do groups of customers differ from one another?

What, when, where, and how much do they buy?

How do customers rate the company on quality, service, and value?

Is your customer base increasing or decreasing? Why?

## Internal Strengths and Weaknesses

**Questions that help a company analyze its internal competitive position:**

What is the company's market share?

What advantages does the company have over its competitors?

What core competencies does the company possess?

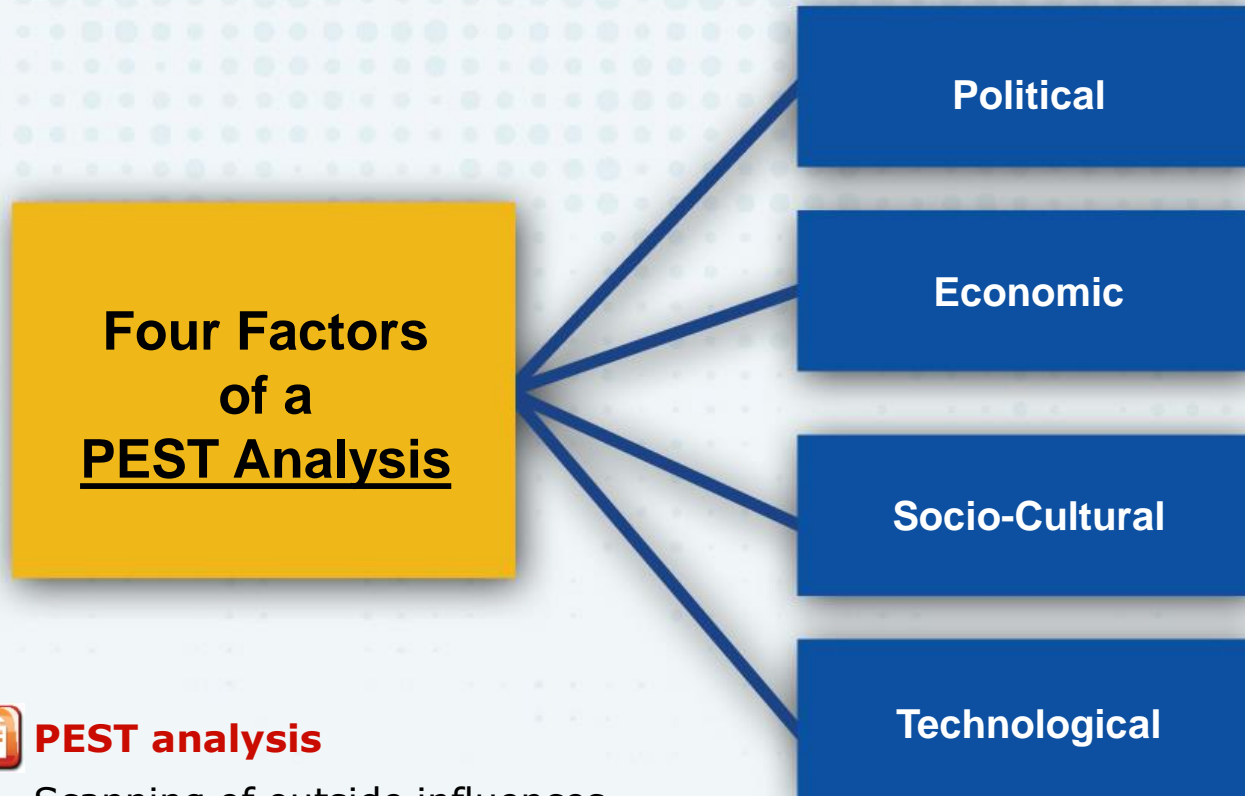
Are competitors taking business away? Why?

## Internal Strengths and Weaknesses

SWOT

INTERNAL		EXTERNAL	
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
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## PEST Analysis



### **PEST analysis**

Scanning of outside influences on an organization.



## PEST Analysis

### Political Issues

Government affects business operations

### Economic Issues

- Recession
- Unemployment
- Currency Rates
- Import Pricing
- Trade Restrictions

### Socio-Cultural Factors

Changes in attitudes, lifestyles, and opinions provide opportunities and threats

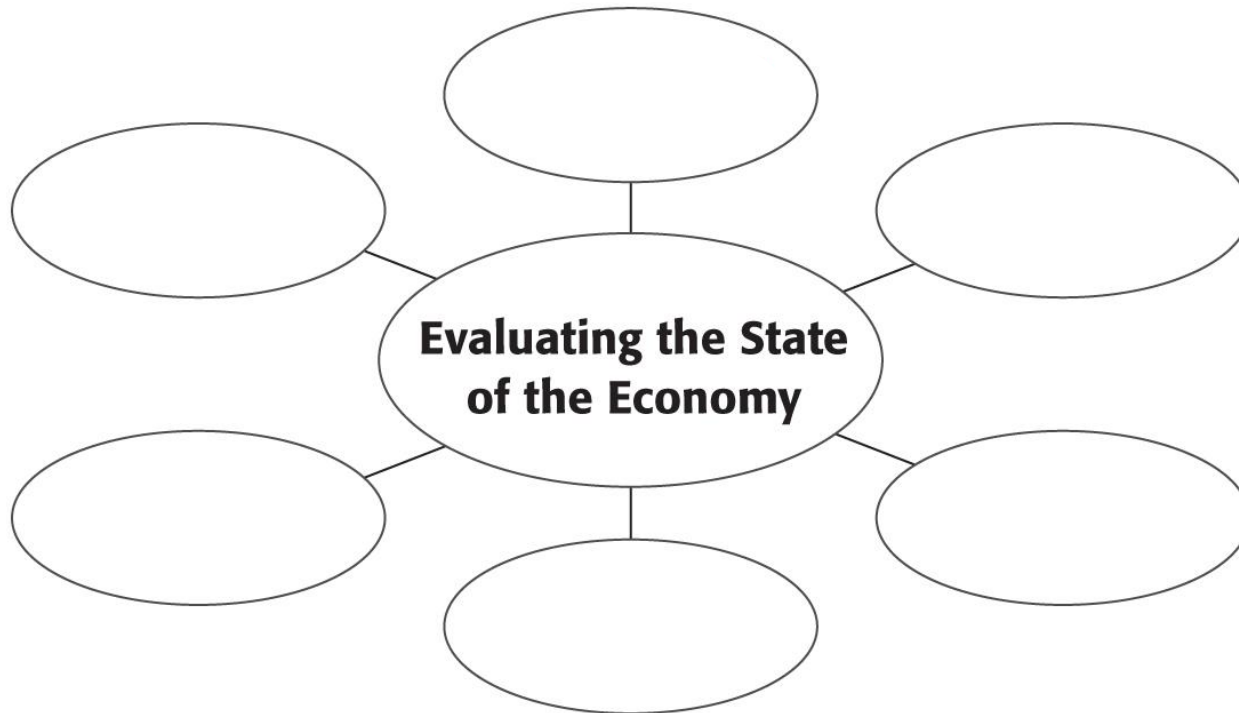
### Technology

Companies must embrace technology and innovate to stay competitive

## PEST Analysis

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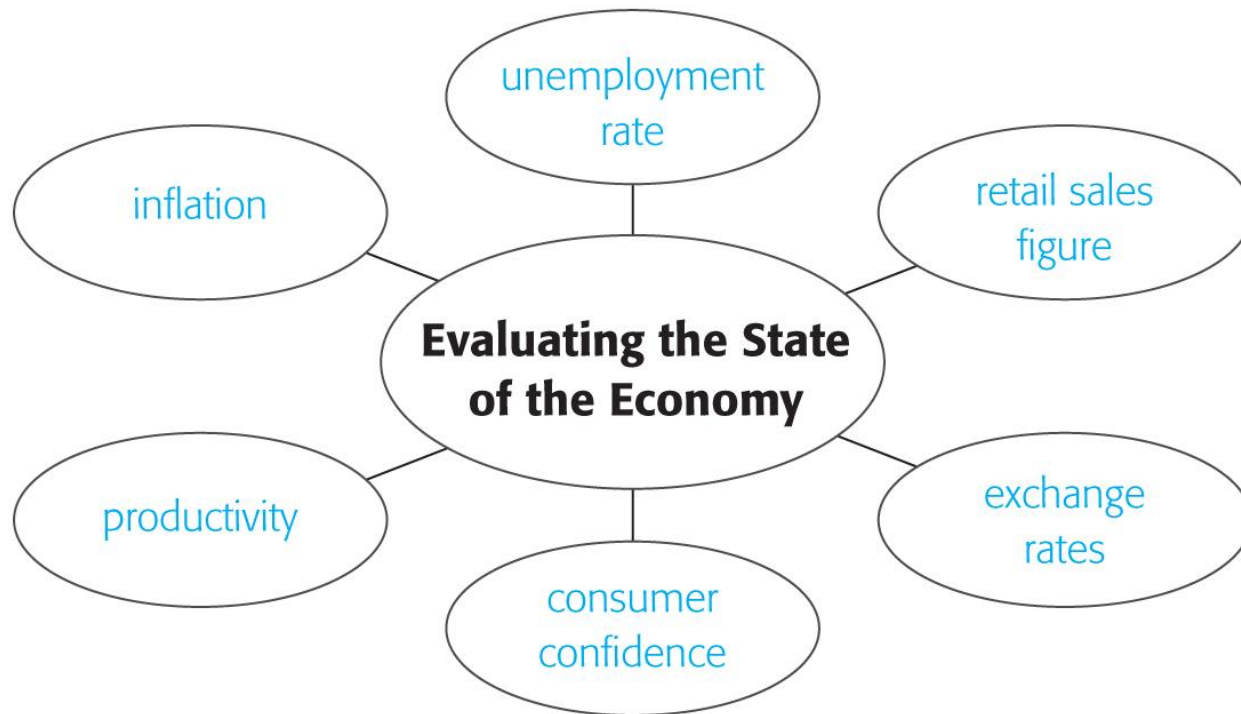
Economic Factors



## PEST Analysis

### Graphic Organizer

#### Economic Factors



## Writing a Marketing Plan

Marketers create a marketing plan to communicate aspects such as:

Analysis and Research

Goals

Objectives

Strategies



### **marketing Plan**

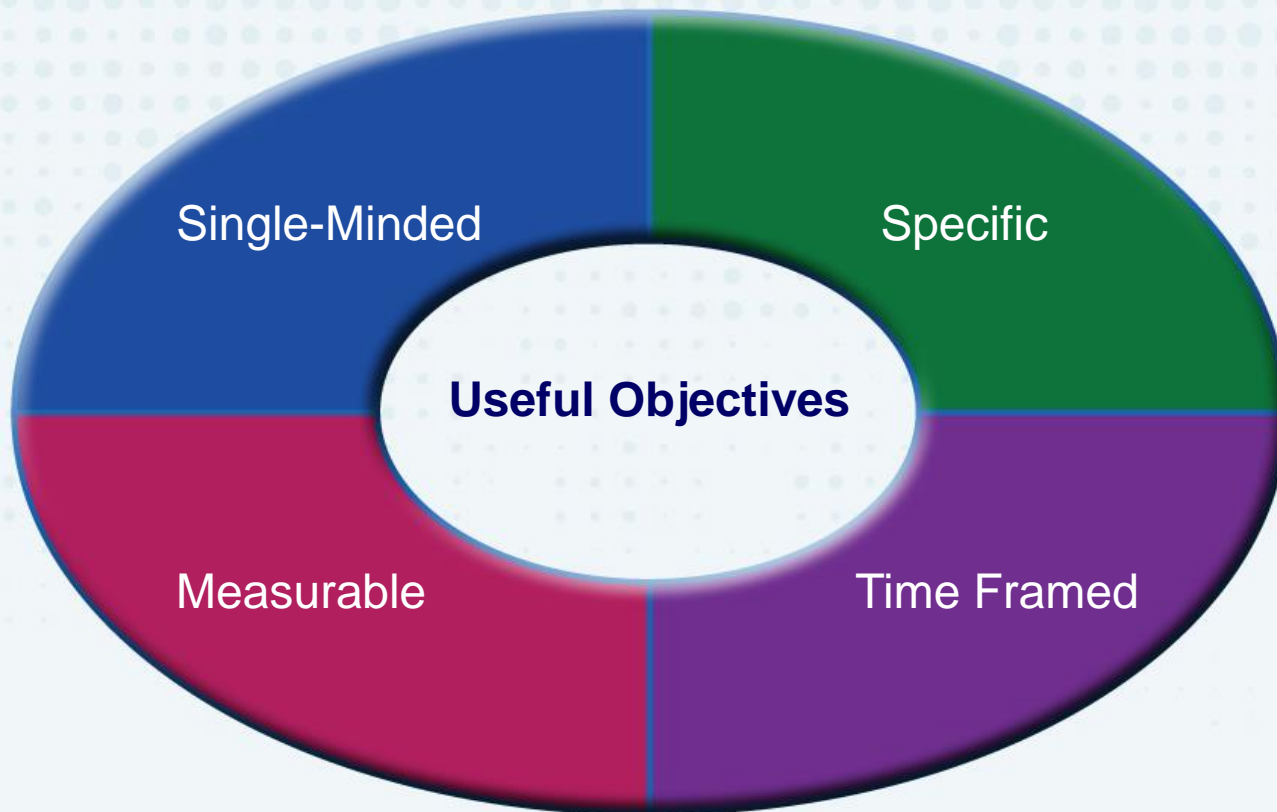
A formal written document that directs a company's activities for a specific period of time.

## Writing a Marketing Plan





## Writing a Marketing Plan



# Marketing Planning

## Writing a Marketing Plan

### Graphic Organizer

#### Marketing Plan Objectives

<b>Objective</b>	
<b>Single-minded</b>	
<b>Specific</b>	
<b>Realistic</b>	
<b>Measurable</b>	
<b>Time framed</b>	

# Marketing Planning

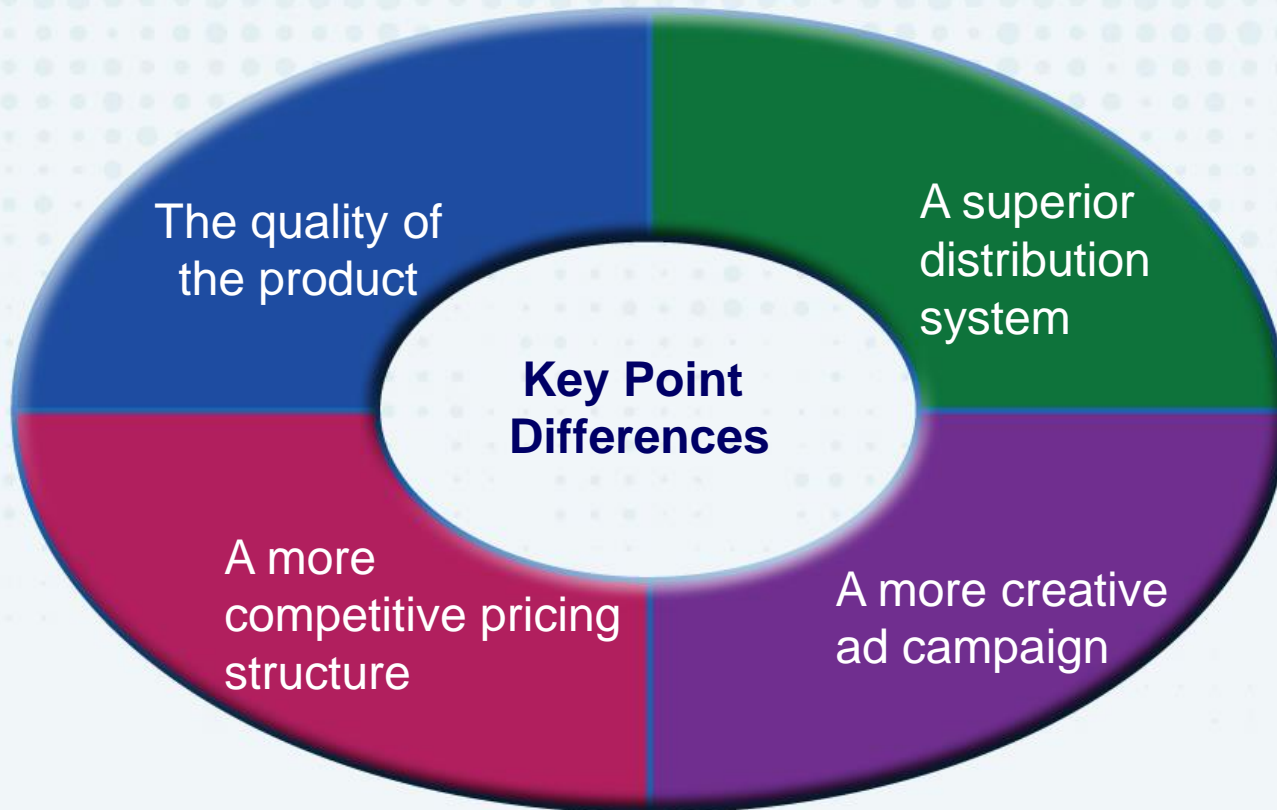
## Writing a Marketing Plan

### Graphic Organizer

#### Marketing Plan Objectives

<b>Objective</b>	To increase sales of bottled water at airport kiosks by 10% by the end of this year.
<b>Single-minded</b>	This objective has only one topic.
<b>Specific</b>	This objective is specific to bottled water sold at airport kiosks.
<b>Realistic</b>	This objective is realistic because the airport has the resources necessary to achieve the goal.
<b>Measurable</b>	This objective identifies the percentage increase required, making it measurable.
<b>Time framed</b>	This objective has specific end date by which the objective must be achieved.

## Writing a Marketing Plan



## Writing a Marketing Plan

### Implementation

Schedule of activities

Job assignments

Sales forecasts

Budgets

Details of each activity

Who is responsible for each activity



### **sales forecasts**

The projection of probable, future sales in units or dollars.



## Writing a Marketing Plan

Performance standards  
help assess

Marketing Objectives

Financial Objectives

Marketing Mix Strategies



### **performance standard**

An expectation for performance that reflects the plan's objectives.

# Marketing Planning

## Writing a Marketing Plan

### Graphic Organizer

#### **An Effective Marketing Strategy**

Identifies \_\_\_\_\_

Sets \_\_\_\_\_ that focus on target markets.

Takes the customer's \_\_\_\_\_ into account

Takes the objectives of the \_\_\_\_\_ into account.

Focuses on the key points of difference: the \_\_\_\_\_  
\_\_\_\_\_

# Marketing Planning

## Writing a Marketing Plan

### Graphic Organizer

#### **An Effective Marketing Strategy**

Identifies target markets

Sets marketing mix choices that focus on target markets.

Takes the customer's needs and wants into account

Takes the objectives of the marketing plan into account.

Focuses on the key points of difference: the competitive advantage

# Marketing Planning



## After You Read

## Section 2.1

1. **Explain** the four aspects of a SWOT analysis and tell how it fits into a marketing plan.

Four aspects of a SWOT analysis:

- internal strengths
- weaknesses
- external opportunities
- threats

The results of a SWOT analysis are reported in the situational analysis of a marketing plan.

# Marketing Planning



## After You Read

## Section 2.1

2. List the four areas that are investigated in PEST analysis and explain why the knowledge gained can be valuable to a company.

External threats and opportunities include

- competition
- environmental scan of political issues
- economic factors
- socio-cultural factors
- technological changes

An accurate analysis of those factors helps a company prepare for threats such as competition or a changing marketplace.



# Marketing Planning



## After You Read

## Section 2.1

3. Describe how the marketing mix relates to the implementation of a marketing plan.

The marketing process keeps going through three phases:

- planning
- implementation
- control

The marketing audit at the end of the process evaluates a company's marketing objectives, strategies, budgets, organization, and performance. It identifies problem areas in marketing operations. A marketing audit is done on a formal basis once a year and on an informal basis continuously.

# Market Segmentation



## Before You Read

**CONNECT** Think of all the ways a marketer might describe you as a consumer. Begin with your age and gender, then get more specific about your shopping and requirements.

## OBJECTIVES

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

## **THE MAIN IDEA**

The key to marketing is to know your customer or target market. Market segmentation helps identify the target market.

## VOCABULARY

- market segmentation
- demographics
- disposable income
- discretionary income
- geographics
- psychographics
- mass marketing



# Market Segmentation

## Graphic Organizer

### Market Segmentation

Methods of Segmentation	Reasons for Use
Demographics	
Geographics	
Psychographics	
Behavioral Characteristics	

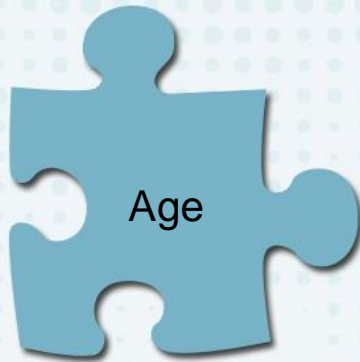
# Market Segmentation

## Graphic Organizer

### Market Segmentation

Methods of Segmentation	Reasons for Use
Demographics	People with different personal characteristics have different needs and interests.
Geographics	People's needs vary depending on where they live.
Psychographics	Lifestyle has an impact on how money is spent.
Behavioral Characteristics	Behavioral characteristics influence shopping patterns.

## Identifying and Analyzing Markets



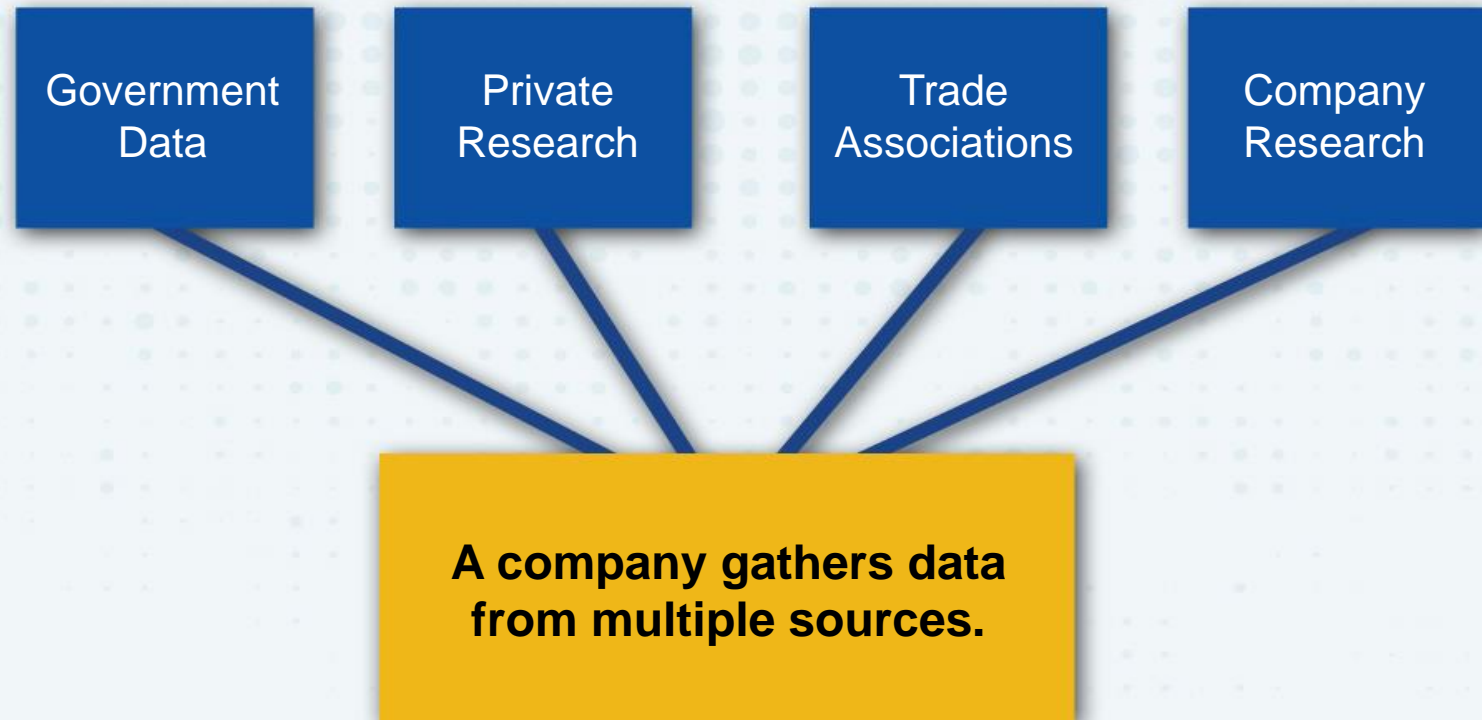
### Market Segmentation



### **market segmentation**

The process of classifying people who form a given market into even smaller groups.

## Identifying and Analyzing Markets



## Types of Segmentation

### Demographic

Age  
Gender  
Income  
Marital status  
Ethnic background

### Geographic

Local  
State  
Regional  
National  
Global

### Psychographic

Attitudes  
Opinions  
Interests  
Activities  
Personality  
Values

### Behavioral

Shopping  
Patterns  
  
Decision-  
making process



### demographic

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



### psychographic

Grouping people with similar attitudes, interests, and opinions, as well as lifestyles and shared values.



## Types of Segmentation

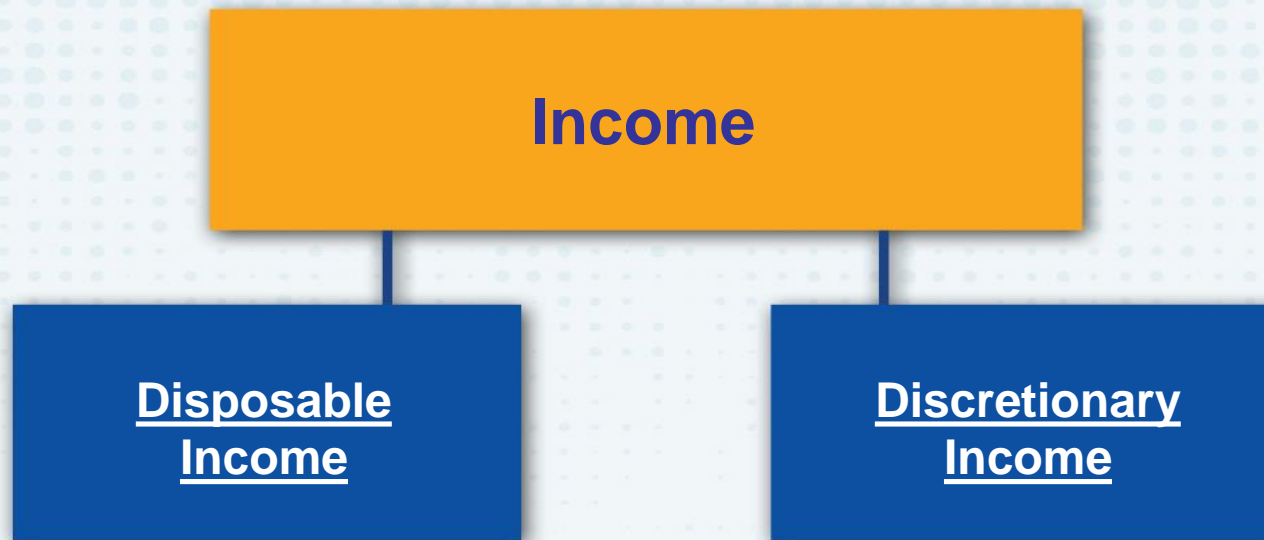
### Labels Used to Segment by Generation

Baby Boom  
Generation

Generation X

Generation Y

## Types of Segmentation



### **disposable Income**

Money left after taking out taxes.

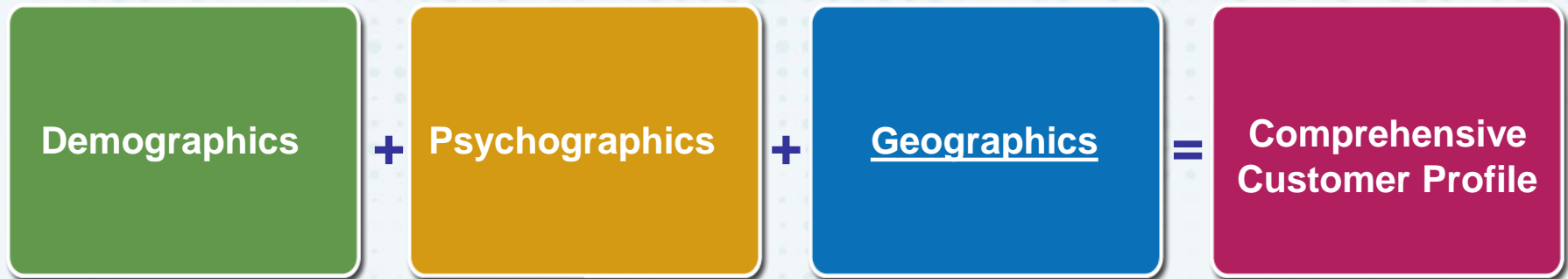


### **discretionary income**

Money left after paying for basic living necessities such as food, shelter, and clothing.

# Market Segmentation

## Types of Segmentation



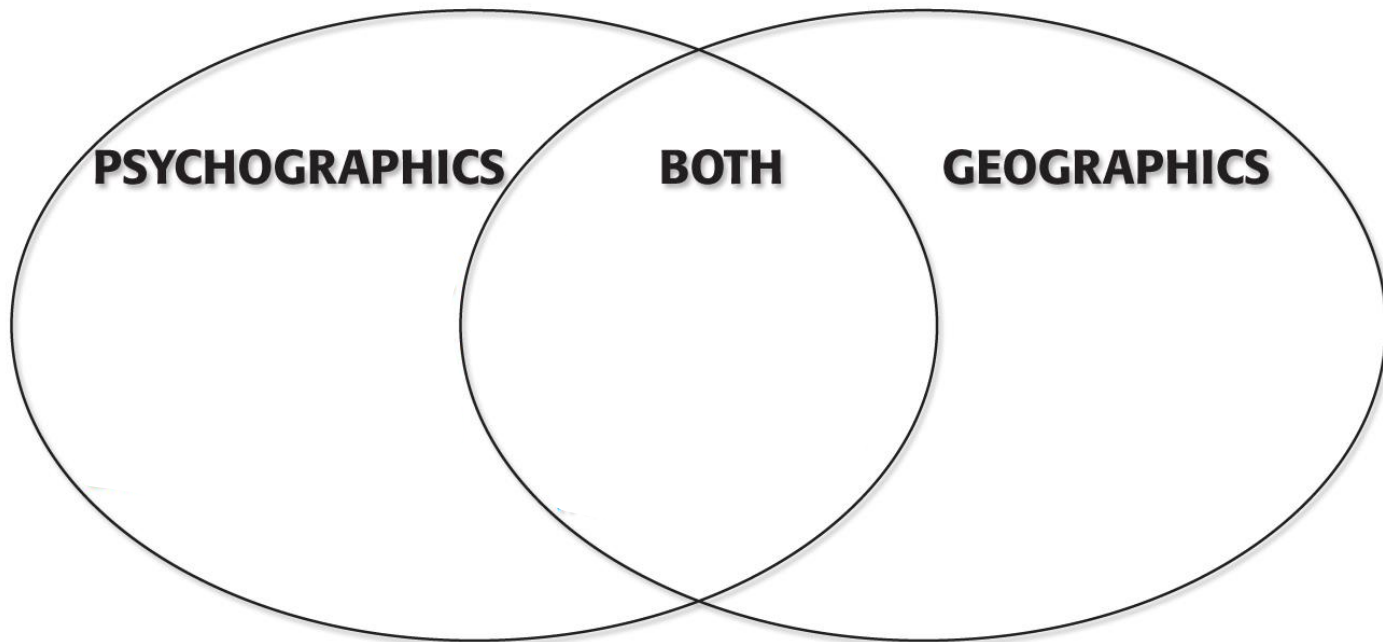
### geographics

Segmentation of the market based on where people live.

# Market Segmentation

## Types of Segmentation

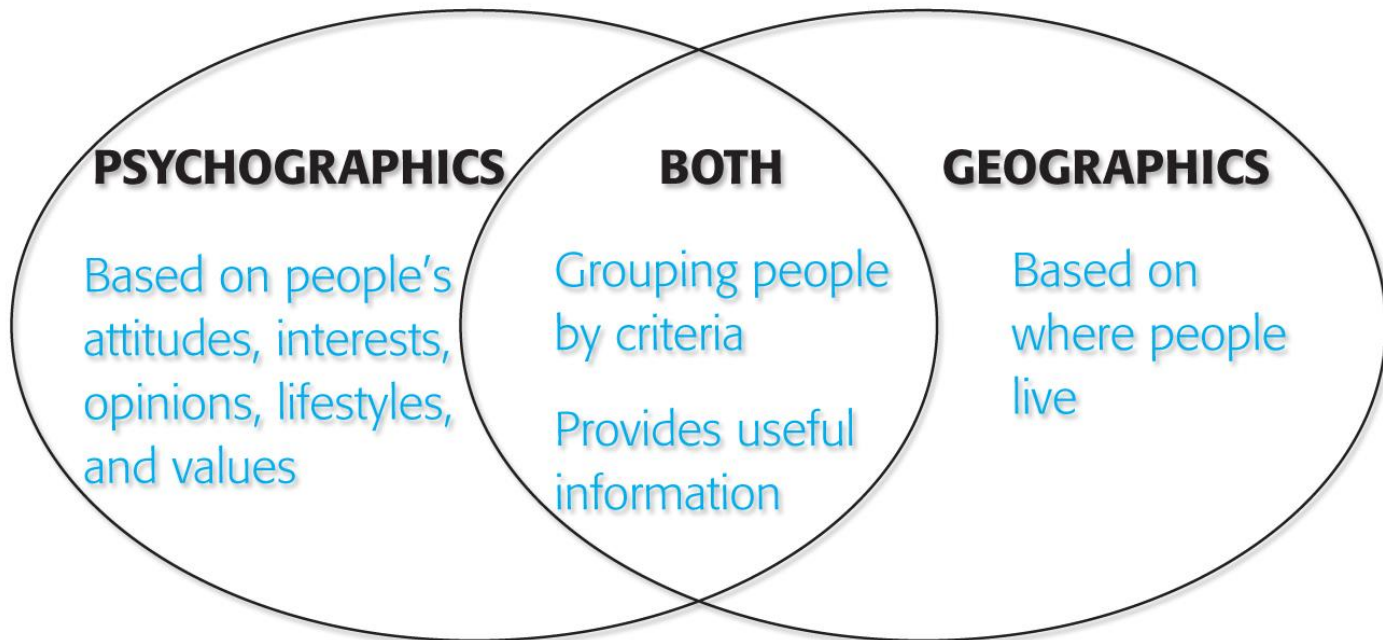
Graphic  
Organizer



# Market Segmentation

## Types of Segmentation

Graphic  
Organizer





## Types of Segmentation



## Types of Segmentation

The diagram features the text '80/20' in large, bold, green font. Below the '80' is a horizontal green line with a vertical line extending downwards from its center. Below the '20' is a horizontal green line with a vertical line extending downwards from its center.

80 percent of a  
company's sales...

are generated by 20 percent  
of its loyal customers

## Mass Marketing Vs. Segmentation

### Mass Marketing

#### Advantages

- Economics of scale
- Simplified marketing plan

#### Disadvantage

- Competitors can identify unmet needs and wants and then steal customers



#### **mass marketing**

Using a single marketing strategy to reach all customers.

## Mass Marketing Vs. Segmentation

### Niche Marketing

#### Advantages

- Extremely precise
- Increased chance for success

#### Disadvantage

- Cost
  - Research
  - Production
  - Packaging
  - Advertising

# Market Segmentation



## After You Read

## Section 2.2

1. **Explain** how much segmentation can help a company increase its market share.

Market segmentation allows a company to more accurately target potential customers, thereby taking customers away from competitors who may not have done as good a job of meeting the needs of the targeted market segment.



# Market Segmentation



## After You Read

## Section 2.2

2. **Define** the four factors that are used to describe a target market.

Four factors used to describe a target market are demographics, geographics, psychographics, and behavioral characteristics.

# Market Segmentation



## After You Read

## Section 2.2

### 3. **List** the advantages and disadvantages of niche marketing.

An advantage of niche marketing is that it narrows and defines a market with extreme precision, thereby increasing the chances of success. A disadvantage is that niche marketing is expensive. Because the market is relatively small, niche marketing does not result in the economies of scale that can be obtained in mass marketing. Research is required to identify target markets and develop different marketing strategies.

# Marketing Essentials



## End of Chapter 2

the marketing plan

**Section 2.1**  
Marketing Planning

**Section 2.2**  
Market Segmentation