**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.
Section 2.1
Marketing Planning

VOCABULARY

- SWOT analysis
- PEST analysis
- marketing plan
- executive summary
- situation analysis
- marketing strategy
- sales forecasts
- performance standard
### Section 2.1

**Marketing Planning**

**Graphic Organizer**

<table>
<thead>
<tr>
<th>Marketing Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive Summary</td>
</tr>
<tr>
<td>2. Situation Analysis</td>
</tr>
<tr>
<td>3. Objectives</td>
</tr>
<tr>
<td>4. Marketing Strategies</td>
</tr>
<tr>
<td>5. Implementation</td>
</tr>
<tr>
<td>6. Evaluation and Control</td>
</tr>
</tbody>
</table>
### Marketing Plan

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

SWOT Analysis

prepares a company for competition or a changing marketplace

provides guidance and direction for future marketing strategies

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

<table>
<thead>
<tr>
<th>SWOT</th>
<th>INTERNAL</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STRENGTHS</td>
<td>WEAKNESSES</td>
</tr>
<tr>
<td>SWOT</td>
<td>large market share</td>
<td>low profit</td>
</tr>
<tr>
<td></td>
<td>reputation for quality</td>
<td>few employees</td>
</tr>
<tr>
<td></td>
<td>creative product developers</td>
<td></td>
</tr>
</tbody>
</table>

**SWOT Analysis**

- **Strengths**
  - Large market share
  - Reputation for quality
  - Creative product developers

- **Weaknesses**
  - Low profit
  - Few employees

- **Opportunities**
  - Competitors going out of business
  - Strong economy
  - Few direct competitors

- **Threats**
  - Legal issues
  - Decreasing amounts of natural resources
Strengths and weaknesses are internal factors that affect a business’s operation.
Internal Strengths and Weaknesses

Company Staff

Company Analysis

Production Capabilities

Financial Situation
Internal Strengths and Weaknesses

MARKETING MIX (FOUR P's)

- **P** PRODUCT
- **P** PRICE
- **P** PLACE
- **P** PROMOTION

**PRODUCT**

Choosing what products to make and sell.
## Internal Strengths and Weaknesses

### Graphic Organizer

#### MARKETING MIX (FOUR Ps)

<table>
<thead>
<tr>
<th>P</th>
<th>PRODUCT</th>
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<th>PLACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>PRICE</td>
<td>P</td>
<td>PROMOTION</td>
</tr>
</tbody>
</table>

#### PRODUCT

Choosing what products to make and sell.

- Product development
- Product design
- Product features
- Product improvements
Internal Strengths and Weaknesses

MARKETING MIX (FOUR Ps)

<table>
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<td>P</td>
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**PRICE**

What is exchanged for the product?

- 
- 
- 
-
Internal Strengths and Weaknesses

**MARKETING MIX (FOUR Ps)**

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<td>P</td>
<td>PRICE</td>
<td>P</td>
<td>PROMOTION</td>
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**PRICE**

What is exchanged for the product?

- What are the customers willing to pay?
- Consumer prices versus reseller price.
- What does the competition charge?
**Internal Strengths and Weaknesses**

<table>
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<th>Graphic Organizer</th>
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<tr>
<td><strong>P</strong> PRODUCT</td>
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<tr>
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**PLACE**

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

- 
- 
- 
- 
Internal Strengths and Weaknesses

MARKETING MIX (FOUR Ps)

| P | PRODUCT    | P | PLACE    |
|   |            | P | PROMOTION |
| P | PRICE      | P |          |

PLACE

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

- Which geographic areas?
- Which channels of distribution?
- Sold directly or through intermediaries?
Internal Strengths and Weaknesses

**Graphic Organizer**

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**PROMOTION**

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

- 
- 
- 
Internal Strengths and Weaknesses

MARKETING MIX (FOUR Ps)

- **PRODUCT**
- **PRICE**
- **PLACE**
- **PROMOTION**

**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?
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

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**Marketing Planning**

Section 2.1
PEST Analysis

Four Factors of a 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

Evaluating the State of the Economy

Economic Factors
PEST Analysis

Economic Factors

- unemployment rate
- inflation
- productivity
- retail sales figure
- exchange rates
- consumer confidence

Evaluating the State of the Economy
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

Elements of a Marketing Plan

- **Executive Summary**
  - A brief overview of the entire marketing plan.

- **Situation Analysis**
  - The study of the internal and external factors that affect marketing strategies.

- **Objectives**

- **Marketing Strategies**
  - Strategy that identifies target markets and sets marketing mix choices that focus on those markets.

- **Implementation**

- **Evaluation and Control**
Marketing Planning

Writing a Marketing Plan

Useful Objectives

- Single-Minded
- Specific
- Measurable
- Time Framed
## Writing a Marketing Plan

### Graphic Organizer

<table>
<thead>
<tr>
<th>Objective</th>
<th>Single-minded</th>
<th>Specific</th>
<th>Realistic</th>
<th>Measurable</th>
<th>Time framed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Marketing Plan Objectives

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

Key Point Differences

- The quality of the product
- A superior distribution system
- A more competitive pricing structure
- A more creative ad campaign
Marketing Planning

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.
Performance standards help assess performance. They are an expectation for performance that reflects the plan’s objectives.

- Marketing Objectives
- Financial Objectives
- Marketing Mix Strategies
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 _______

_______
Writing a Marketing Plan

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
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.
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.
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.
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.
Market Segmentation

THE MAIN IDEA

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

VOCABULARY

- market segmentation
- demographics
- disposable income
- discretionary income
- geographics
- psychographics
- mass marketing
## Market Segmentation

<table>
<thead>
<tr>
<th>Methods of Segmentation</th>
<th>Reasons for Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td></td>
</tr>
<tr>
<td>Geographics</td>
<td></td>
</tr>
<tr>
<td>Psychographics</td>
<td></td>
</tr>
<tr>
<td>Behavioral Characteristics</td>
<td></td>
</tr>
</tbody>
</table>
### Market Segmentation

<table>
<thead>
<tr>
<th>Methods of Segmentation</th>
<th>Reasons for Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>People with different personal characteristics have different needs and interests.</td>
</tr>
<tr>
<td>Geographics</td>
<td>People’s needs vary depending on where they live.</td>
</tr>
<tr>
<td>Psychographics</td>
<td>Lifestyle has an impact on how money is spent.</td>
</tr>
<tr>
<td>Behavioral Characteristics</td>
<td>Behavioral characteristics influence shopping patterns.</td>
</tr>
</tbody>
</table>
Market Segmentation

Identifying and Analyzing Markets

**Market Segmentation**

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

- Age
- Price
- Desired Features
Identifying and Analyzing Markets

A company gathers data from multiple sources.

- Government Data
- Private Research
- Trade Associations
- Company Research
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

Income

Disposable Income
Money left after taking out taxes.

Discretionary Income
Money left after paying for basic living necessities such as food, shelter, and clothing.
Types of Segmentation

Demographics + Psychographics + Geographics = Comprehensive Customer Profile

**geographics**
Segmentation of the market based on where people live.
Types of Segmentation

PSYCHOGRAPHICS

BOTH

GEOGRAPHICS
Types of Segmentation

**Graphic Organizer**

- **PSYCHOGRAPHICS**
  - Based on people’s attitudes, interests, opinions, lifestyles, and values

- **GEOGRAPHICS**
  - Based on where people live

- **BOTH**
  - Grouping people by criteria
  - Provides useful information
Types of Segmentation

- Changing Times
- Personal Experiences

= Attitudes and Opinions
Market Segmentation

Types of Segmentation

80/20

80 percent of a company’s sales... are generated by 20 percent of its loyal customers
Mass Marketing Vs. Segmentation

<table>
<thead>
<tr>
<th>Mass Marketing</th>
<th>Advantages</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Economics of scale</td>
<td>• Competitors can identify unmet needs and wants and then steal customers</td>
</tr>
<tr>
<td></td>
<td>• Simplified marketing plan</td>
<td></td>
</tr>
</tbody>
</table>

**mass marketing**

Using a single marketing strategy to reach all customers.
Niche Marketing

**Advantages**
- Extremely precise
- Increased chance for success

**Disadvantage**
- Cost
  - Research
  - Production
  - Packaging
  - Advertising
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.
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.
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.