

CHAPTER 2

Marketing Plan

Sections

- 2.1 Researching a Marketing Plan
- 2.2 Developing a Marketing Plan



College
and Career
Readiness

Reading Prep

Before reading this chapter, look at the chapter title. What can you predict will be presented?

Check Your Marketing IQ

Before you begin the chapter, see what you already know about marketing by taking the chapter pretest. The pretest is available at www.g-wlearning.com/marketing/.

DECA Emerging Leaders

Business Administration Core

Career Cluster: Marketing

Instructional Area: Emotional Intelligence

Performance Indicators

- Demonstrate responsible behavior.
- Demonstrate honesty and integrity.
- Demonstrate ethical work habits.
- Describe legal issues affecting businesses.

Purpose

Designed for DECA members, this activity helps individuals to understand opportunities available through DECA in marketing, finance, hospitality, and management.

DECA's Comprehensive Learning Program consists of all DECA activities by category and support programs of study in the four career clusters.

- **College, Business, and Educational Partnerships** provide scholarships, classroom presentations and career guidance, internships, work experience, and community service activities.
- **Competitive Events Program** provides authentic situations relating to current business practices.
- **DECA Direct Magazine** is a full-color international publication featuring articles on career development in leadership; community service; and professionalism.
- **Educational Conferences** provide targeted, highly focused learning experiences for members and advisors while connecting with corporate professionals.
- **Emerging Leader Series** strives to empower DECA members to provide effective leadership through goal setting, consensus building, and project implementation.
- **Global Entrepreneurship Week (GEW)** engages millions of young people around the world each November to embrace innovation, imagination, and creativity.
- **School-Based Enterprises** reinforce and enhance career preparation.

- **Social Media Correspondent Program** creates conversation among chapters and shares best practices and ideas.
- **Video Challenges** provide classroom activities that challenge members to apply highly engaging, relevant learning activities from their seats in the classroom.

Procedure

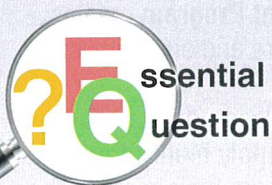
1. DECA members should become familiar with the organization and its diverse learning activities. Use the following activities to learn about DECA, identify membership benefits, and apply DECA's connection to college and career preparation. One way to learn about business culture is to become familiar with the company.
2. The information will be presented to you through the navigation of the DECA website. Visit the DECA website at www.deca.org to become familiar with the activities and opportunities available to you as a student and DECA member. Find the page for Partners and review the list of businesses that partner with DECA. Business partners include corporations, foundations, and associations that provide classroom presentations and career guidance, community service activities, internships and work experience, and scholarships.

Critical Thinking

1. Select three companies you wish to learn about based on your career goals.
2. For the companies you select, click on the website link and research the following: core values, corporate and social responsibilities, social policies, and history.
3. Record the information you discovered. Keep the information for use as you make college and career decisions.
4. What conclusions can you draw about the companies as it relates to their ethical behavior and social responsibility?
5. Find at least two classmates who researched the same DECA college and business partners. Compare your findings.

Visit www.deca.org for more information.

Section 2.1



Why does a business need a marketing plan?

Researching a Marketing Plan

Learning Objectives

- LO 2.1-1 State the purpose of a marketing plan.
- LO 2.1-2 Define *situation analysis* and identify its components.
- LO 2.1-3 Explain a target market.
- LO 2.1-4 Describe a competitive analysis.

Key Terms

marketing plan
situation analysis
SWOT analysis
environmental scan
PEST analysis
market segmentation

competition
competitive analysis
market size
market share
market potential

LO
2.1-1

Marketing Plan

Benjamin Franklin once said, “If you fail to plan, you are planning to fail.” This is true in both your personal and professional lives. In your personal life, you have probably made plans for a trip with friends or tried to organize an activity for a larger group. Without a plan, it probably never

happened. Similarly, successful marketing efforts take time, money, and planning.

A **marketing plan** is a document that describes business and marketing goals and the strategies and tactics that will be used to achieve them. One way to understand a marketing plan is to think of the document as a set of travel plans. The marketing goals are *where* you plan to travel, such as to Ireland, Asia, or the East Coast. The marketing strategies are *how* to get to the destination, such as flying, taking a



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A marketing plan describes business and marketing goals and the strategies and tactics that will be used to achieve them. *How does detailed planning contribute to success?*

train, or driving. The marketing tactics are the specific *paths* taken to reach the final destination, such as highways and roads.

The market planning function is responsible for creating an actionable marketing plan and is written by a marketing manager. In a small company, there may only be one marketing manager who creates the plan for the entire company. Large companies generally have multiple marketing managers who are responsible for individual product lines. Each marketing manager completes a plan for his or her product line.

Preparing a marketing plan takes time and research. Marketers spend many months gathering information about the past performance of the company. They then analyze how marketing could influence future company performance. As research is conducted, resources that are used should be documented. A *bibliography* lists all the sources used as resources to develop the marketing plan. A bibliography is shown in Figure 2-1. Resources might include interviews, books, periodicals, websites, and other information gathered for the plan. The bibliography should be created when the writing process begins so that each source can be added as it is used.

Marketing plans are usually written a year in advance of being implemented. They can, and should, be modified throughout the year to address market changes or take advantage of new opportunities. Established companies generally have a set format that outlines the components that are included in a marketing plan. However, if a format is not established, there are many professional organizations, such as the American Marketing Association (AMA), that provide templates free of charge.

Marketing plans are read by company executives, shareholders, and select members of the sales, marketing, and product development teams. If the company is seeking additional funding from outside sources, the marketing plan will

accompany the request for funding. This is the opportunity to show how marketing can help drive future sales and profits for the company.

As you progress through this text, you will be writing your own marketing plan. The template you will use is shown in Figure 2-2.

Marketing Plan	
Title Page	
Table of Contents	
I. Executive Summary	
II. Business Description	
A. Overview	
B. Vision Statement	
C. Mission Statement	
D. Company Goals	
III. Market Analysis	
A. SWOT Analysis	
B. Environmental Scan (PEST Analysis)	
C. Competitive Analysis	
IV. Sales Analysis	
A. Sales History and Projection	
B. Best Opportunities	
C. Sales Goals	
V. Marketing Strategies	
A. Marketing Goals	
B. Target Market	
C. Marketing Mix	
1. Product Strategies	
2. Price Strategies	
3. Place Strategies	
4. Promotion Strategies	
D. Product Positioning	
VI. Action Plan	
A. Timeline	
B. Budget	
C. Metrics	
VII. Bibliography	
VIII. Appendices	

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Figure 2-2 A marketing plan usually includes each of the elements listed in this outline.

Bibliography

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<https://www.bigcommerce.com/blog/ecommerce-trends/>

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Figure 2-1 The bibliography is an important record of the information sources used to write the marketing plan.

LO
2.1-2

Situation Analysis

To properly prepare a marketing plan, the environment in which the business operates must be evaluated. A business cannot determine where to go or how to get there without knowing where it has been. A **situation analysis** is a snapshot of the environment in which a business has been operating over a given period of time, usually the last 12 to 16 months. The situation analysis evaluates internal and external environments as they relate to marketing and sales.

SWOT Analysis

A **SWOT analysis** identifies strengths, weaknesses, opportunities, and threats the business faces. It is an internal analysis that helps to explain why the company's product is different or better than those offered by the competition.

- *Strengths* are internal factors that give a company a competitive advantage.
- *Weaknesses* are internal factors that place a company at a disadvantage relative to competitors.

- *Opportunities* are external factors that provide chances for a company to increase profits.
- *Threats* are external factors, such as the economy, that can potentially jeopardize a company's growth or ability to make profits.

For example, a SWOT analysis looks at whether the business offers a wider variety, better prices, or better sizing than the competitors. A SWOT analysis can be presented similar to the format in Figure 2-3.

Environmental Scan

A review should be completed of the external environment that the business will encounter. An **environmental scan** is an analysis of the external factors that affect the success of business.

One way to complete an environmental scan is to conduct a **PEST analysis**, which is an evaluation of the political, economic, social, and technological factors in a certain market or geographic region that may impact the success of a business. This process identifies potential opportunities and threats to a company's business plans and strategies.

- *Political factors* affect the stability of the government and the success of the businesses that operate within it.

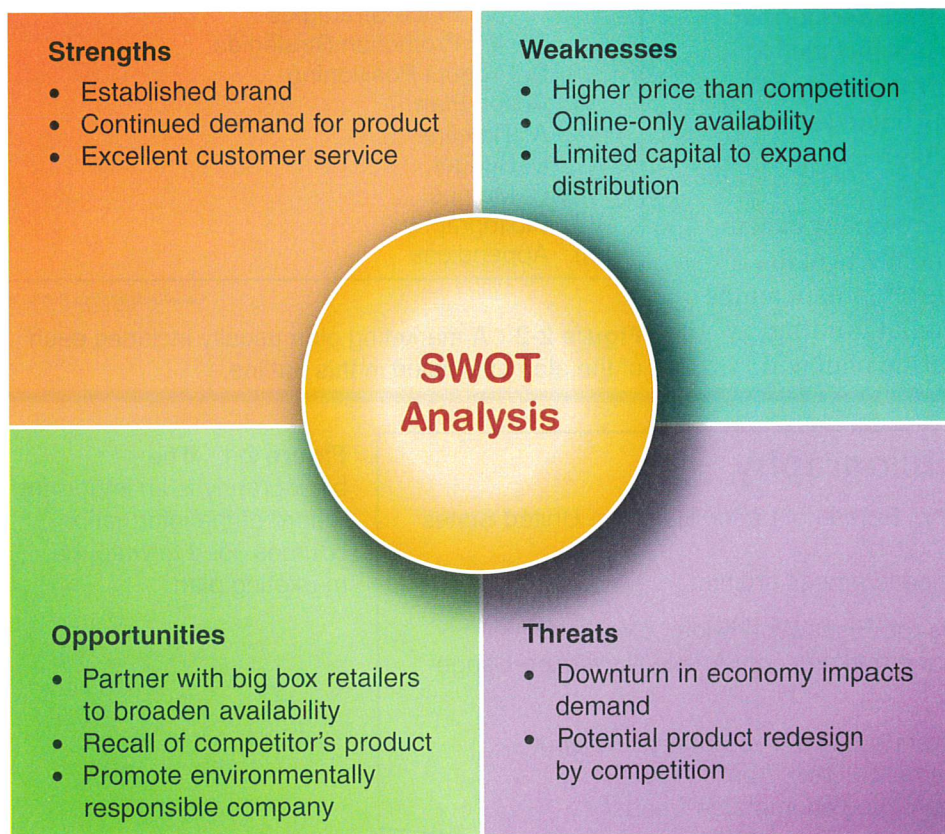


Figure 2-3 A SWOT analysis identifies strengths, weaknesses, opportunities, and threats the business faces.

- *Economic factors* affect the ability of consumers to purchase products, as well as the cost of doing business.
- *Social factors* are the cultural aspects within a business environment and the personal qualities of its customers, such as age, gender, income, ethnicity, education level, occupation, marital status, and family size.
- *Technological factors* affect the ease with which a business can operate within a market or region, as well as the level of productivity possible once the business is in operation.

A PEST analysis can be presented in a format similar to the one in Figure 2-4.

LO
2.1-3

Target Market

Research must be completed in order to accurately define the customer. A *target market* is the specific group of customers at which a company aims its products and services. These are the people whose wants and needs are fulfilled by the products a business offers. They are also the people most likely to buy the goods or services. Target markets have four characteristics:



Employability Skills

Professional Image

An *image* is the perception others have of a person based on that person's dress, behavior, and speech. It is what people remember about a person from business, professional, and even social interactions. A *professional image* is the image an individual projects in the professional world. A positive professional image projects honesty, skill, courtesy, and respect for others.

- clearly defined wants and needs the business can meet;
- money to buy the product;
- willingness and ability to buy the product; and
- enough customers to be profitable.

Depending on the products a company offers, it may be wise to segment the target market. The process of dividing a large market into smaller groups is called **market segmentation**. A *market segment* is the smaller group of people, businesses, or

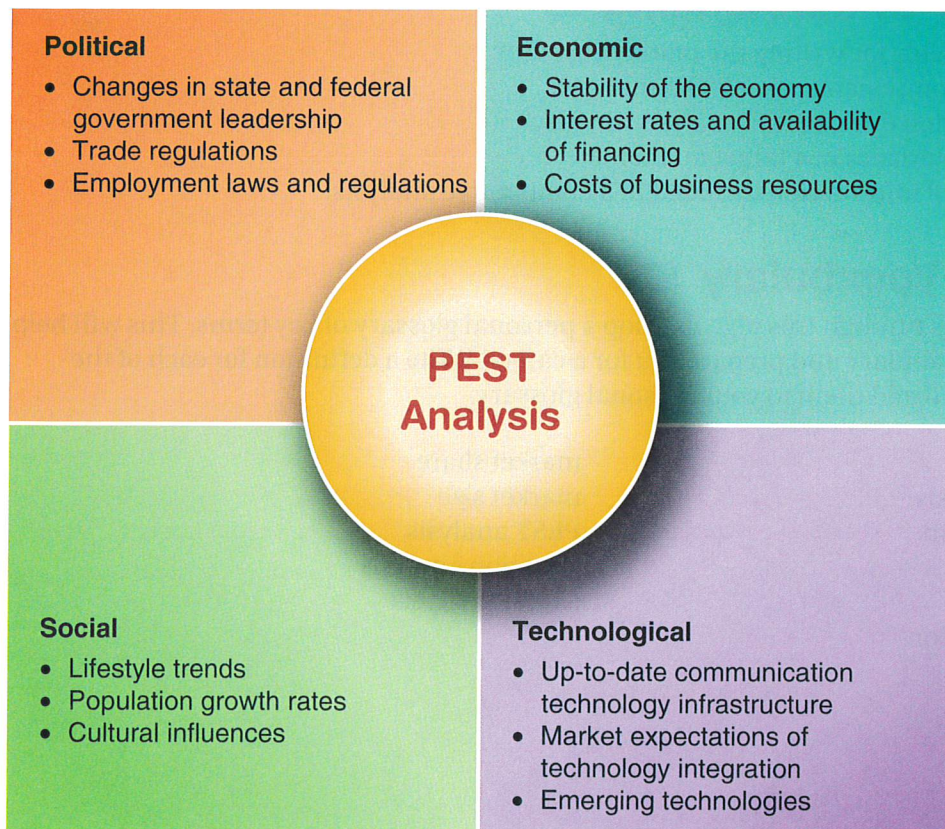


Figure 2-4 A PEST analysis is an evaluation of the political, economic, social, and technological factors in a certain market or geographic region that may impact the success of a business.

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organizations with common characteristics or needs. The market may be segmented by lifestyle factors, habits, demographics, or another set of factors unique to the business. Market segments eventually become target markets for various products or businesses. By breaking the market into segments, messages can be targeted to specific groups. The way in which the message is delivered to each group may also change.

L0
2.1-4

Competitive Analysis

Understanding the competition is part of marketing research. **Competition** is two or more businesses attempting to attract the same customers. One of the most important parts of the marketing plan is the section that describes other businesses competing for customers. In order for a company to achieve sales goals, it may need to take business away from the competition. The

sales team will be helpful in providing information about competitors.

A **competitive analysis** is a tool used to compare the strengths and weaknesses of a product or company that competes with a business. In the analysis, competitors are listed with their physical locations, product lines, pricing, and market share. These grids are used to analyze the strengths and weaknesses of the competition. From this information, marketers can determine how the company will compete with others to gain its share of sales in the market.

Learning about the competition includes estimating the portion of the market that each competitor holds. **Market size** is the total sales per year for a specific product held by all the competing businesses. **Market share** is the percentage of total sales in a market that is held by one business. **Market potential** is the maximum number of customers and amount of sales that can be generated from a specific segment in a defined time period.

Section 2.1 Review

Check Your Understanding

1. Who is responsible for writing the marketing plan?
2. What are the components of a SWOT analysis?
3. What information does a PEST analysis identify?
4. List the characteristics of a target market.
5. List examples of information included in a competitive analysis.

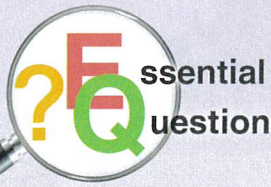
Build Your Vocabulary

As you progress through this text, develop a personal glossary of key terms. This will help you build your vocabulary and prepare you for a career. Write a definition for each of the following terms and add them to your personal glossary.

competition
competitive analysis
environmental scan
marketing plan
market potential
market segmentation

market share
market size
PEST analysis
situation analysis
SWOT analysis

Section 2.2



How does a marketing manager develop a marketing plan?

Developing a Marketing Plan

Learning Objectives

- LO 2.2-1 Identify components of the opening section of a marketing plan.
- LO 2.2-2 Describe the analysis section of a marketing plan.
- LO 2.2-3 Discuss marketing strategy.
- LO 2.2-4 State the purpose of the action plan for a marketing plan.

Key Terms

business plan
vision statement
mission statement
SMART goal
marketing strategy

product positioning
action plan
marketing tactic
budget
metrics

LO
2.2-1

Opening Section

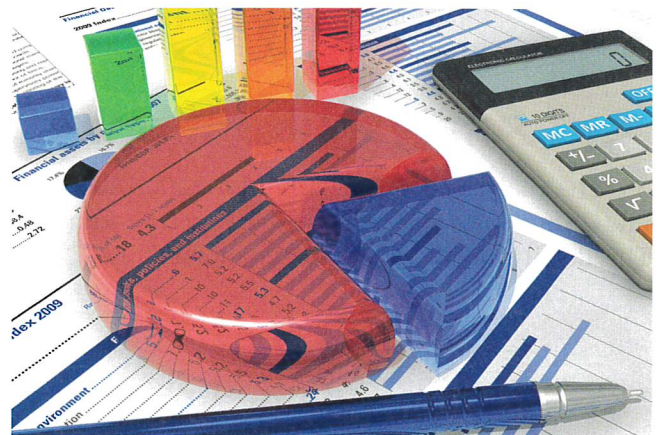
The opening section of a marketing plan provides an overview and a snapshot of the business with information from the business plan. This section is usually divided into Executive Summary and Business Description subsections.

Executive Summary

A marketing plan usually begins with an executive summary. An *executive summary* provides an overview by highlighting the critical points in the plan. The goal is to provide a snapshot that will entice the reader to review the entire document. Even though the executive summary is the beginning of the marketing plan, it should be written last. The executive summary should be kept short, to the point, and not more than two pages in length.

Business Description

The business description presents an overview of the business as outlined in the business plan. A **business plan** is a written document that describes a business,



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To properly prepare a marketing plan, the environment in which the business operates must be evaluated.

How might the business environment impact marketing activities?

how it operates, and how it makes a profit. This information may be condensed, but anything created by company executives should not be edited or changed.

In the business description section, the product is described and the business is identified as an online business, a brick-and-mortar store, or a combination. The vision statement, mission

statement, and company goals will also be stated. This information shows how the marketing plan aligns with the overall direction of the business.

Vision Statement

A **vision statement** is what the business aspires to accomplish. The vision statement is like looking into a crystal ball and seeing the future of the company. One example of a vision statement is, "To become the safest, most customer-focused manufacturer in the world." A good vision statement should inspire employees and help drive the business.

Mission Statement

The **mission statement** is the company message to customers about why the business exists. It describes the business, identifies the customers, and shows how the business adds value. One example of a mission statement is, "Providing the most fuel-efficient cars to help you save money and the environment."

Company Goals

Company goals project where the business should be this year and up to five years in the future. These goals lay the foundation for revenue projections. They are written by the executive team and are found in the business plan or annual report.

LO
2.2-2

Analysis Section

The analysis section details information about market and sales analyses that have been performed. This detail is necessary to understand both the



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A marketing plan can be viewed as a set of travel plans. *Why do you think goal setting is important in marketing?*

environment in which the business is operating and the business goals to be met. This section includes Market Analysis and Sales Analysis subsections.

Market Analysis

The information gathered through the SWOT, environmental scan, and competitive analyses is described here. Charts may be included to describe and illustrate the content. If the charts are brief, they can be embedded in the copy. If they are lengthy, they can be included in the *appendices* with an in-text reference noting where they can be found. The appendices may also include financial projections, data about the target market or competitors, and other documents that support the plan. These documents should be arranged in a logical order and listed in the table of contents under the Appendices section.



Case in Point

Zappos

Zappos is an online shoe and clothing retailer that is well known for its variety of products and excellent service. It is a billion-dollar entity with a marketing plan to continue growing every year.

Marketing strategies are the decisions made to execute the marketing plan and meet the goals of the business. Zappos has a defined marketing strategy that has helped make it a successful business. Their strategy is a basic premise focused on customer recommendations, mostly via social media, and of the great customer experience of buying clothing and shoes on the website.

Marketing tactics are the specific activities implemented to carry out the marketing strategies. Zappos limits its marketing dollar investment to low-cost tactics, including search engine marketing that uses brand names or styles of shoes. This supports the Zappos customer experience by making it easy for the customer to find the product desired. Other low-cost tactics used by Zappos are free shipping and easy returns, which encourage customers to buy again and again. Their marketing strategy is a grass-roots example of customer focus and the success that it can bring.



Social Media

Social Media as a Marketing Tool

The Merriam-Webster Dictionary defines social media as “forms of electronic communication (such as websites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content, such as videos.” Social media plays an important part in your life every day of the week. You use social media to build your personal brand, develop a community, and communicate with others.

Businesses have also learned the many advantages that social media can provide. Social media is one tool that can complement a company’s marketing strategies when used wisely. One of the things social media can add to the marketing plan is helping the business be visible. By communicating regular updates on products, events, or customer feedback, a company can help keep its brand in front of customers.

Sales Analysis

The sales analysis section will help determine future sales goals. Before sales goals can be created, however, it is necessary to analyze sales history, make sales forecasts, and evaluate the best sales opportunities.

Sales History and Projections

To create a marketing plan for a specific product or product line, the previous sales by year, up to five years, will be reviewed. The market share is also noted. These numbers are analyzed and future sales projections are made. *Sales projections*, or *forecasts*, are the dollars and units of product the company wants to achieve. The sales and executive teams create these forecasts. Sales forecasts are typically made for a minimum of one year and from three to five years in the future.

Best Opportunities

The best opportunities for making new and repeat sales should be clearly defined. This information comes from market research and sales team feedback. The marketing team works with the sales team by assisting them to identify opportunities, such as identifying the top ten sales opportunities that will be pursued in the upcoming year. Opportunities to take business away from competitors, expand in new geographic areas, and other potential sales sources are also identified.

Sales Goals

Sales goals are written based on sales history, sales projections, and best opportunities. The goals identify where new and repeat sales can be generated and at what levels. Customer targets or geographic regions are defined.

For goals to be as effective as possible, they should be written as SMART goals. A **SMART goal** is one that is specific, measurable, attainable, realistic, and timely, as shown in Figure 2-5.

- *Specific.* A goal should be specific and straightforward.
- *Measurable.* Progress toward a goal should be measurable.
- *Attainable.* A goal needs to be attainable.
- *Realistic.* A goal must be realistic.
- *Timely.* A goal should have a starting point and an ending point.

L0 2.2-3 Marketing Strategies Section

Marketing strategies are the decisions made to execute the marketing plan and meet the goals of



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Figure 2-5 SMART goals are specific, measurable, attainable, realistic, and timely.

the business. These strategies outline the *who*, *what*, *where*, and *how* of the marketing process. They include establishing marketing goals, identifying the target market, and defining components of the marketing mix. The product positioning can then be defined.

Marketing Goals

Marketing goals are simple and clear statements of the results to be accomplished through marketing efforts. These goals can be specific, such as a target end-of-year sales figure or a percentage increase in number of customers. They can also be stated in broader terms, as in achieving a high level of customer satisfaction. Marketing goals should be realistic, measurable, and should support the business goals. The marketing goals provide big-picture direction for the efforts of the marketing team. They should clearly state the intended results of the marketing strategies and provide direction for the marketing team.

Target Market

The information gained from research on the target market is recorded in this section of the marketing plan. One of the most important decisions a marketer makes is correctly choosing the best target market. Selecting the wrong target market means the business loses an opportunity for success in a different one.

Many businesses select more than one target market. However, each one selected must meet the four characteristics of a target market. If these characteristics are not met, the business will probably not meet its sales goals.

Marketing Mix

In Chapter 1, you learned about the four Ps that make up the marketing mix: product, price, place, and



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Product strategies are the decisions made about which products a business should sell. *How does the target market affect product strategies?*

promotion. Decisions about the marketing mix are the basis of a marketing plan. Those decisions provide the important framework for choosing specific marketing strategies and tactics to implement the plan.

Product Strategies

Product strategies are the decisions made about which products a business should sell. Product strategies can include decisions on quantities, sizes, packaging, warranties, brand names, image, and design. In an established company, these decisions may already be in place.

Price Strategies

Price strategies are the business decisions about pricing and how prices are set to make a profit. The marketing plan covers price points, percentage of annual sales, and expected profit by product. Evaluating how prices compare to the competition is also part of developing a price strategy. Pricing policies affect company image.

Place Strategies

Place strategies are the decisions about how and where products are produced, acquired, shipped, and sold to customers. The sales team is a good source of information to help make some of the place decisions because they are in direct contact with the customers. Place strategies involve not only a physical location, but how goods or services are distributed. Is the product offered online, internationally, locally, or through other stores?

Promotion Strategies

Promotion strategies are decisions about which selling, advertising, sales promotions, and public relations activities to use in the promotional mix. The *promotional mix* is a combination of the elements used in a promotional campaign. A promotional mix can include any or all of the promotional elements shown in Figure 2-6.

Promotion decisions also include who will handle specific promotions and public relations efforts. Large companies may have a communications team that works with the marketing team to help create the advertising and sales pieces. However, in many companies, the marketing manager may be responsible for all promotion strategies. For both current and new products, it is important to describe the benefits as they relate to how the product will make life better for the customer.

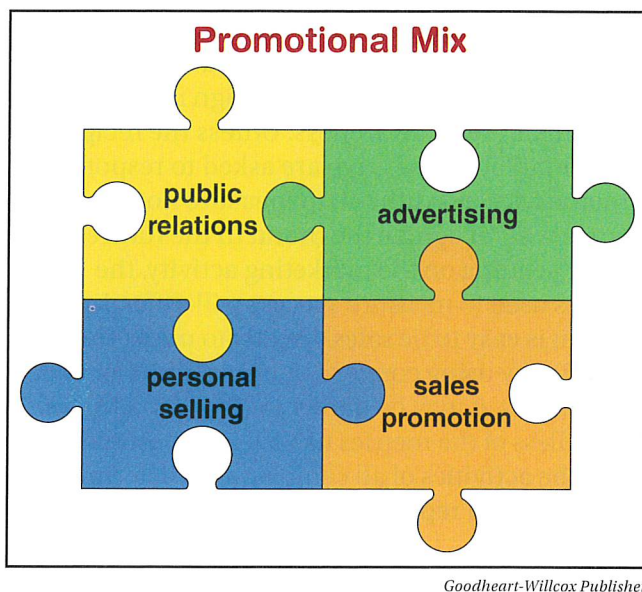


Green Marketing

Green Marketing Defined

Being responsible with natural resources and making ecofriendly choices are important in a world that is increasingly environmentally conscious. *Green marketing* is producing and promoting products using methods and practices that emphasize environmental conservation. *Going green* integrates a variety of activities that are friendly to the earth and the environment.

Businesses can use green marketing strategies in all aspects of the marketing mix. Green marketing includes creating products that are ecofriendly and distributing them using environmentally conscious methods. For example, companies often find unique ways to use recycled paper, plastic, metal, and glass in the manufacturing of their products and choose shipping methods that have a reduced or neutral carbon footprint. Many customers place priority on being loyal to businesses that are environmentally friendly.



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Figure 2-6 The pieces of the promotional mix fit together to form a promotional campaign.

Product Positioning

Product positioning is the process used to influence the customer's perception of a brand or product in relation to the competition. Marketers use the components of the marketing mix—product, price, place, and promotion—to uniquely identify what the company offers in terms of goods and services. The goal is to *position* the product as better than the competition in some specific way. For example, Geico Insurance positions itself as, “More than just car insurance.” This positioning statement informs the consumer that the product, insurance, is available to protect other assets in addition to automobiles. It implies that the offering is different or better than the competition.

LO
2.2-4

Action Plan Section

The **action plan** is a list of the marketing tactics with details about how to execute each tactic. **Marketing tactics** are the specific activities implemented to carry out the marketing strategies. Every marketing strategy will have a set of tactics designed to accomplish it. As an example, for the strategy *price products at or below the competition*, tactics might include the following.

- Monitor online competition prices every Monday.
- Monitor sales, advertising, and coupons in the local weekend papers.
- Meet with the vice president every Tuesday to review competitive pricing information.
- Reset prices as needed.

A strong marketing plan includes an action plan to ensure the marketing efforts remain on track and funds are spent wisely. Three components of an action plan include a timeline, budget, and metrics.

Timeline

The timeline lists when each activity starts, where it happens or runs, end date, and the person responsible. A timeline keeps the marketing team on track and moves the plan forward. A spreadsheet can be beneficial when creating a timeline.

Budget

A **budget** is a financial plan for a fixed period of time that reflects anticipated revenue and shows how it will be allocated in the operation of the business.



You Do the Math

Order of Operations

The *order of operations* is a set of rules stating which operations in an equation are performed first. The order of operations is often stated using the acronym *PEMDAS*, which stands for parentheses, exponents, multiplication, division, addition, and subtraction. This means anything inside parentheses is computed first. Exponents are computed next. Then, any multipli-

cation and division operations are computed. Finally, any addition and subtraction operations are computed to find the answer to the problem. The equation is solved from left to right by applying PEMDAS.

Solve the following problems.

1. $8 - (4 \times 3) + 2^3 \div 2 =$
2. $11^2 + (45 \times 2) =$
3. $3 + 4 - 27 \div 9 =$

Most businesses base the overall marketing budget on a percentage of sales generated for the company or other factors related to sales. A detailed budget shows the costs to implement the planned marketing tactics and promotional activities. Some tactics may include several sets of costs. Once again, a spreadsheet is helpful in creating and tracking the budget. List each marketing activity and its related cost.

Metrics

Metrics are standards of measurement. Marketing is an expensive part of operating a business. The company executives expect a system to measure marketing effectiveness in order to justify the expense. Metrics should be created for campaigns to determine the success rate of each related action.

Hard metrics are standards that can be measured, such as the click-through rates of an e-mail campaign. A minimum number of clicks can be established to determine the successfulness of the campaign.

Soft metrics are standards that are not easily measured. For example, a campaign may be created for brand awareness. Unless the recipients of the marketing message are asked to respond in some way, it is difficult to measure how many people will recognize the brand in the future.

Depending on the marketing activity, the metrics used to measure success will differ. In some cases, it is easy to tie sales directly to marketing activities by using coupons or electronic offer codes. Other times, it may be harder to track direct sales. Regardless of the metrics used, it is important to track the activities of all campaigns to determine if they are worth repeating.

Section 2.2 Review

Check Your Understanding

1. Explain the purpose of an executive summary in a marketing plan.
2. List two components of the marketing plan's analysis section.
3. What are marketing goals?
4. Define each of the strategies for the four Ps of the marketing mix.
5. List three components of the action plan section.

Build Your Vocabulary

As you progress through this text, develop a personal glossary of key terms. This will help you build your vocabulary and prepare you for a career. Write a definition for each of the following terms and add them to your personal glossary.

action plan
budget
business plan
marketing strategy

marketing tactic
metrics
mission statement

product positioning
SMART goal
vision statement

Chapter Summary

Section 2.1 Researching a Marketing Plan

LO 2.1-1 State the purpose of a marketing plan.

A marketing plan is a document that describes business and marketing goals and the strategies and tactics that will be used to achieve them. The market planning function is responsible for creating an actionable marketing plan designed to achieve business goals.

LO 2.1-2 Define *situation analysis* and identify its components.

The situation analysis evaluates internal and external environments as they relate to marketing and sales. A SWOT analysis identifies company strengths, weaknesses, opportunities, and threats the business faces. An environmental scan is an analysis of the external factors that affect the success of business.

LO 2.1-3 Explain a target market.

A target market is the specific group of customers at which a company aims its products and services. These are the people whose wants and needs are fulfilled by the products a business offers. They are the people most likely to buy the goods or services.

LO 2.1-4 Describe a competitive analysis.

A competitive analysis is used to compare the strengths and weaknesses of a product or company that competes with a business. This information helps marketers determine how the company will compete to gain its share of sales in the market.

Section 2.2 Developing a Marketing Plan

LO 2.2-1 Identify components of the opening section of a marketing plan.

The opening section provides an overview and a snapshot of the business with information from the business plan. This section is usually divided into Executive Summary and Business Description subsections.

LO 2.2-2 Describe the analysis section of the marketing plan.

The analysis section provides detailed information about the market and sales analyses that have been performed. This detail is necessary to understand both the environment in which the business is operating and the business goals to be met.

LO 2.2-3 Discuss marketing strategy.

Marketing strategies are the decisions made to execute the marketing plan and meet the goals of the business. They include establishing goals, identifying the target market, defining components of the marketing mix, and defining the product positioning.

LO 2.2-4 State the purpose of the action plan for a marketing plan.

The action plan is a list of the marketing tactics with detailed plans to execute each tactic. It ensures the marketing efforts remain on track and funds are spent wisely. Three components of an action plan include a timeline, budget, and metrics.

Check Your Marketing IQ

Now that you have completed the chapter, see what you have learned about marketing by taking the chapter posttest. The posttest is available at www.g-wlearning.com/marketing/.

Review Your Knowledge

1. State the purpose of a marketing plan.
2. Define *situation analysis* and identify its components.
3. Explain a target market.

4. Why is it important to research competing businesses?
5. What factors can be used to estimate the portion of a market that each competitor holds?
6. Identify the components of the opening section of a marketing plan.
7. Describe the analysis section of a marketing plan.
8. Explain the best sales opportunities information included in the analysis section.
9. Discuss marketing strategy.
10. State the purpose of an action plan for a marketing plan.
7. The bibliography lists all of the resources used to develop the marketing plan. Make a list of resources you think would be useful when conducting research for your marketing plan.
8. The ideas that you explored in question one may be a starting place for the marketing plan you will be writing. Write a letter or e-mail to one or two businesses to request information about their marketing plans and what research they conducted. Explain why you chose those businesses.
9. Identify political, economic, social, and technological factors that affect the business you select for your marketing plan.
10. Choose a promotion or advertisement for a local business. How do you think the business tracks activity related to the promotion or advertisement? In your opinion, how could the business measure the success of the promotion or advertisement?

Apply Your Knowledge

1. List three topics you will need to research when writing your marketing plan.
2. Choose a local company with which you are familiar. Brainstorm what each of the four Ps of the marketing mix might be for that business.
3. Think about students at your school as a target market. What types of promotions appeal to students at your school the most?
4. Create a Venn diagram to compare two local businesses. Write the name of one local company as the heading for the first circle. Identify a competitor for that business as the heading for the second circle. In the first circle, list the strengths and attributes of the first business. In the second circle, list those of its competitor. In the center, list what the two businesses have in common.
5. Conduct a SWOT analysis for your school-based enterprise or for another local company.
6. Failure to conduct research is one of the reasons some marketing plans fail. List the ways you would research your idea for a marketing plan. How can you ensure that your plan will not fail?

Apply Your Math Skills

Many businesses base the overall marketing budget on a percentage of company sales. Using this method, marketing budgets vary depending on the size of the business. Apply your math skills to solve the following problems.

1. Elaine opened a new specialty gift store. As a new business, she does not have an established sales figure to use in determining a marketing budget. She was advised to use 15 percent of her projected sales on marketing. Elaine's business plan projects sales in her first year to be \$150,000.00. What should her marketing budget be?
2. A small grocery chain has been in business for many years and is established within the communities served by its stores. The company has been successful with the marketing budget set at 7 percent of its annual sales, which average \$22 million. However, the company has new competitors in several communities and plans to increase the marketing budget to 9 percent. How much will the marketing budget increase in dollars?

Communication Skills



**College
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Readiness**

Reading There are many marketing terms listed in bold as key terms in this chapter. There are other terms that are italicized. Make a list of the italicized terms and add them to your personal glossary.

Writing Generate your own ideas to support the need and importance of conducting an environmental scan as part of the marketing plan. Write an argument to support your reasoning.

Listening Hearing is a physical process. Listening combines hearing with evaluation. Listen carefully to your instructor as the marketing plan material of this chapter is presented. Take notes about the main points. Then, organize the key information that you heard. What points would you reiterate if you were presenting the chapter?

Internet Research

Marketing Plans Numerous marketing plan templates can be found on the Internet. Conduct an Internet search using the term *marketing plan templates*. Compare the templates you find online with the one you will use in this text. Examine the common elements of each. Compare and contrast the section names within the different documents. Identify the marketing objectives outlined in each plan.

Metrics Marketing metrics are used to track and evaluate marketing activities. Conduct an Internet search for *marketing metrics*. Create a list of four common marketing metrics that companies use to evaluate the effectiveness of their marketing strategies. Write a brief summary of what each metric on your list measures.

Marketing Tactics Conduct an Internet search for the term *marketing tactics*. Make a list of five tactics that the experts consider to be cutting edge. What advice would you give your fellow classmates on how to write effective marketing tactics to support marketing strategies?

Teamwork

Working with a partner, make a list of ten memorable product positioning statements that are popular today, similar to the Geico example in the chapter. Next, involve your classmates by writing each statement on a piece of paper and drop in a box. Have a student pick a folded paper out of the box, read the statement, and see if he or she can identify the product that the statement represents. What did you learn about product positioning from this experience?

Portfolio Development



**College
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Readiness**

Types of Portfolios Artists and other communication professionals have historically presented portfolios of their creative work when seeking jobs or admission to educational institutions. However, portfolios are now used for many reasons.

It is helpful to identify which type is appropriate for the industry in which you are applying for a position. Examples of types of portfolios are as follows.

- *Documentation portfolio*. Demonstrate past and ongoing successes in academics or professional work performances.
- *Process portfolio*. Show growth and accomplishments in skilled work or academics with the inclusion of personal reflections in the form of commentaries, blog posts, or similar.
- *Professional portfolio*. Exhibit accomplishments related to a career or profession, including proof of valuable job-specific skills, training programs completed, and other work-related accomplishments.
- *Showcase portfolio*. Document grades, awards, and milestones, as well as artistic works and public speaking events.
- *Hybrid portfolio*. Combine multiple portfolio types and include feedback from professional third parties.

1. Research the different types of portfolios mentioned here, as well as any others that may be appropriate for your goals.
2. Select the type of portfolio to create to match your career goals.