

MARK4900: MARKETING STRATEGY

Summer, 2002

TERM PROJECT: Option A. COMPOSING A MARKETING PLAN

This involves developing a marketing plan for a hypothetical company and/or product. The choice of the company/product should be governed by its attractiveness, market potential etc. In grading the plan, I will use the creativity/originality and clarity of exposition, depth and breadth of research of the environment and situation, and the quality of presentation as the criteria.

COMPONENTS OF A MARKETING PLAN

Executive Summary

The executive summary is a one page summary of everything that is contained in the marketing plan. It provides highlights of what is to be accomplished, how it is expected to be accomplished and what results are to be expected. It is generally the last portion of the plan to be written. Remember that one of the primary purposes of a marketing plan is to provide a communication vehicle for individuals within the organization. To force everyone in the organization to be familiar with every aspect of the plan would be an enormous waste of resources. Instead, the executive summary becomes the primary communication vehicle for the vast majority of individuals within the organization. As the only portion of the plan that the vast majority of readers are exposed to, ask yourself, "What about the plan is it most important to communicate to others in the organization?". Broadly, it contains the following:

1. Synopsis of the Situation: Your business idea or concept
2. The target market and size
3. Key Aspects of the Marketing Plan
4. Your competitive advantage

Environmental Analysis

Opportunities and Threats (External Situation Analysis)

In terms of size, the external situation analysis is easily the largest section of the marketing plan and it is also very clearly the most important portion of the marketing plan as it tends to define possibilities that are available to the organization. The external environment consists of both a micro external environment and a macro external environment. The micro environment deals with components pertinent to the specific organization and includes issues such as customer demand, competitors, and general industry conditions. The macro environment deals with components that all organizations must face and includes issues such as general economic conditions and social, legal, political, and cultural issues. Basically you would use this section to answer to justify the commercial feasibility of your product. A major part of this analysis should include the a discussion about the customers, market potential and competitors - both direct and indirect. Use Porter's Five Forces model to identify the competition from various sources. Specifically focus on the issue of Barriers to Entry in the marketplace.

Marketing Objectives

Use this topic to set specific marketing objectives. Think about sales, market share, market positioning, image, awareness, and related objectives. Remember to make your objectives concrete and measurable. Develop your plan to be implemented, not just read. Objectives that can't be measured can't be tracked and followed up, so they are less likely to lead to

implementation. The capability of plan-vs.-actual analysis is essential. Sales are easy to track and measure. Market share is harder, because it depends on market research. There are other marketing goals that are less tangible, harder to measure, such as positioning or image and awareness. Remember though, as you develop the objectives, that it is much better to include the measurement system within the objective itself. This is especially true when they aren't obvious. Also use this topic for your marketing positioning statements. The positioning statements should include a strategic focus on the most important target market, that market's most important market need, how your product meets that need, what is the main competition, and how your product is better than the competition.

1. Target Market

Who is the product marketed to?, In this topic you should introduce the strategy behind your market segmentation and your choice of target markets. Explain why your business is focusing on these specific target market groups. What makes these groups more interesting than the other groups that you've ruled out? Why are the characteristics you specify important? This is more important for some businesses than others. A restaurant, for example, might focus on one set of upper-income customers instead of another, for strategic reasons. An accounting firm might focus on certain business types whose needs match the firm's expertise. Some fast food restaurants focus on families with children under driving age. A graphic design firm might specialize in small or medium businesses that need Internet Web sites.

2. Target Volume (Dollars or Units)

This will include quantitative translations of the company's financial objectives, in marketing terms. For example: sales dollars, sales units, market share, distribution levels/channel, advertising awareness, key account distribution etc. Most of these figures are forecasted. Your forecasting technique should be justified.

Core Competencies and Sustainable Competitive Advantage

Identifying, nurturing and capitalizing on a firm's core competencies and capabilities are key elements in the development of a strategic posture likely to lead to superior performance. Core competencies/capabilities are bodies of expertise, organizational skills or systems, which are perceived by the customer as providing exceptional value. They are substantially unique, and they typically lead the company into new products and/or markets. Explain the core competencies of your firm, how are they different from the competitors and what unique value do you provide to the customer. An overview of "why the customer would buy products/services from you and not from others"

Consider this simple example:

"For [target market description] who [target market need], [this service] [how it meets the need]. Unlike [key competition], it [most important distinguishing feature]")

Marketing Mix Strategies and Programs

Marketing mix is the combination of your marketing programs, including your product positioning, pricing, distribution channels, advertising and promotion, service, delivery, and other factors. The best way to handle this topic is to note the highlights of your marketing mix. Don't try to include all the details, just what is different. Are you a price leader, for example, or maybe positioning yourself as the high-priced and high-quality provider, or are you pushing for image and awareness. Emphasize what makes you different, what isn't obvious, what might surprise somebody. Product, price, place, promotion, and service are

all standard components of the marketing mix. As a service company, your product is a service.

1. *Product Strategy*: what is the good or service that your business will offer? How is that product better than those against which it will compete? Why will people buy it?
2. *Pricing Strategy*: how much can you charge? How do you balance between sales volume and price to maximize income? Will your pricing strategy be aligned with the image of your product?)
3. *Promotion Strategy*: how will your product or service be positioned in the marketplace? Will your product carry a premium image with a price to match? Will it be an inexpensive, no-frills alternative to similar offerings from other businesses? What kinds of advertising will you use? When will ads be run? How will the product be packaged?
4. *Distribution Strategy*: which sales channels will you use? Will you sell by telephone or will your product be carried in retail outlets? Which channel will let you economically reach your target audience?

Draw a snap-shot of where your firm/product is positioned vis-à-vis the competitors on the Porter's Three Strategy Framework. How will you create barriers to entry for potential competitors?

Marketing Organization (Structure)

This is a text section describing your sales and marketing organization. It describes roles and the relationship of those people and their responsibilities. How is your sales and marketing management structured and organized? How will this marketing plan affect your organization? How will your organization be able to implement this plan? What are the key management responsibilities? Are they properly distributed? How are you going to be sure they are properly executed? Are there implications from the critical issues or keys to success you have cited that impact the marketing organization? Addressing these questions will allow you to make certain your marketing organization aligns with your marketing plan.

Implementation, Evaluation and Control.

The purpose of this section is to summarize what you have chosen to do along with the mechanical details of how you are going to do it. It will include details such as action plans, schedules, and budgets. Further, it would be prudent to discuss as to how the performance of the action plans be evaluated. Issues such as sales forecasts, performance as compared to sales forecasts etc., develop performance evaluation standards of marketing personnel etc can be discussed briefly.

More Information on Marketing Plans:

- ❖ *REFER: Page 17-Page 32 of your textbook for details on the marketing plan.*
- ❖ <http://www.publaw.com/market.html>
- ❖