CHAPTER 2

Marketing Plan

Part 1: Content Review

Matching

Write the correct term for each definition on the line provided.

_____ 1. Company message to customers about why a business exists.

_____ 2. Process of dividing a large market into smaller groups.

_____ 3. Lists the strengths, weaknesses, opportunities, and threats a business faces.

_____ 4. Decision marketers use to help make choices about what products a business should sell.

_____ 5. Percentage of total sales in a market that is held by one business.

_____ 6. Evaluation of the political, economic, social, and technological factors in a certain market.

_____ 7. What the business aspires to accomplish.

_____ 8. Document describing business and marketing goals and the strategies and tactics to achieve them.

_____ 9. Analysis of external factors that affect the success of a business.

_____ 10. Decision about which selling, advertising, sales promotions, and public relations activities to pursue in the promotional mix.

Terms

A. environmental scan

B. marketing plan

C. market segmentation

D. market share

E. mission statement

F. PEST analysis

G. product strategy

H. promotion strategy

I. SWOT analysis

J. vision statement

Completion

Fill in the blanks with the term that best completes each sentence.

Terms

action plan	market potential	price strategy
competition	metric	product positioning
marketing strategy	place strategy	situation analysis
marketing tactic		

1. _____ is two or more businesses attempting to attract the same customers.

2. A decision about how and where the products will be produced, acquired, shipped, and sold to customers is a(n) _____.

3. A(n) _____ is a snapshot of the environment in which a business has been operating over a given time, usually the last 12 to 16 months.

4. A standard of measurement is known as a(n) _____.

5. _____ refers to the decisions made to execute the marketing plan and meet the goals of the business.

6. A business decision about pricing and how prices are set to make a profit is a(n)

    _____.

7. _____ is the maximum number of customers and amount of sales that can be generated from a specific segment in a defined time period.

8. The process used to influence the customer's perception of a brand or product in relation to the

    competition is _____.

9. A(n) _____ is a list of the marketing tactics with detailed plans to execute each tactic.

10. A specific activity to carry out a marketing strategy is called a(n) _____.

True or False

Decide whether each statement is true or false. If the statement is true, write *True* on the line provided. If the statement is false, write *False* and rewrite the statement to make it true.

1. Every marketing plan is unique and will change over time.

    _____
    _____

2. Preparing a marketing plan is a short, simple task.

    _____
    _____

3. Part of a price strategy is how your prices compare to those of the competition.

    _____
    _____

4. Place strategies involve decisions only about a physical location.

    _____
    _____

5. The Marketing Tactics section of a marketing plan is usually the shortest part.

    _____
    _____

Part 2: Concept Review

Marketing Plan

Each sentence that follows describes information that is included in a marketing plan. Identify the section of the marketing plan where the information belongs. Choose from the following options. (Some may be used multiple times.)

executive summary	market analysis	marketing strategies
business description	sales analysis	action plan

Name _____

1. An overview of the plan that highlights its critical points and serves as a snapshot to entice the reader to review the entire document.

   _____

2. The best opportunities for making new and repeat sales.

   _____

3. Decisions about the marketing mix.

   _____

4. A detailed budget showing costs to implement the planned marketing tactics.

   _____

5. An overview of the business as outlined in the business plan.

   _____

6. A description of the information gathered through the SWOT analysis, environmental scan, and competitive analysis.

   _____

7. Information gained from research on the target market.

   _____

8. Marketing goals that provide big-picture direction for the efforts of the marketing team.

   _____

9. The mission statement, which is the company message to customers about why the business exists.

   _____

10. An analysis of previous sales by year and sales projections.

   _____

11. A timeline that lists when each activity starts, where it happens or runs, end date, and the person responsible.

   _____

12. Marketing tactics, which are the specific activities implemented to carry out the marketing strategies.

   _____

13. Sales goals that identify where new and repeat sales can be generated and at what levels.

   _____

14. Information about product positioning that will be used to influence the customer's perception of the brand or product in relation to the competition.

   _____

15. Metrics that will be used to measure the success of the campaign.

   _____

Marketing Strategies

Write your response to each of the following statements or questions in the space provided. Use complete sentences.

1. Choose a product you have seen advertised recently. What do you think a marketing goal for the product might be based on how the product was advertised?

   _____
   _____
   _____
   _____

2. Why is choosing the right target market an important decision when writing a marketing plan?

   _____
   _____
   _____
   _____

3. How does target marketing enable a small business to compete with large businesses?

   _____
   _____
   _____
   _____

4. Marketing mix decisions are interrelated. Explain what this means.

   _____
   _____
   _____
   _____

5. Product positioning influences the customer's perception of a brand or product in relation to the competition. When have you seen product positioning in action? Describe the product and how it was positioned.

   _____
   _____
   _____
   _____

Part 3: Marketing Math

Analyzing Market Share

The bottled water industry is very competitive. The industry market leaders are constantly battling for more market share. Market share is one competitor's percentage of the total sales in a specific market. In a recent year, the market size, or total sales per year, was $11.8 million for bottled water. The following table shows data for the top ten bottled water companies.

Name _____

Calculating Dollar Sales

In order to perform calculations with a percentage, the percentage must be turned into a decimal or a fraction. Any percentage can be turned into a fraction with a *denominator,* or bottom number, of 100. For example:

$$17\% = \frac{17}{100}$$

Remember the *fraction bar* means *divided by* (÷). To turn this fraction into a decimal, divide 17 by 100. An easy way to divide by 100 is to move the decimal point two places to the left:

$$17 \div 100 = 0.17$$

To easily turn a percentage into a decimal, remove the percent sign and move the decimal point two places to the left:

$$17\% = 0.17$$

Compute the dollar sales amount using the market share percentage. First, change the percentage to the equivalent decimal by dividing the percentage amount by 100. For example:

$$\frac{13.4\%}{100} = .134$$

Write this decimal in the *Market Share (decimal)* column. Then, calculate the dollar sales for each company by multiplying the industry total by the market share decimal. For example:

$$\$11,800,000 \times 0.134 = \$1,581,200$$

Write this amount in the *Dollar Sales* column. The first line of the table has been completed for you as an example.

Rank	Company	Sales ($)	Market Share (%)	Market Share (decimal)	Multiply by 360°	Nearest Degree (°)
1	Private Label	1,581,200	13.4	0.134	48.24°	48°
2	Aquafina		10.3			
3	Dasani		9.9			
4	Glaceau Vitaminwater		9.6			
5	Poland Spring		6.0			
6	Nestle Pure Life		5.8			
7	Glaceau Smartwater		5.7			
8	Deer Park		3.8			
9	Glaceau Vitaminwater Zero		3.2			
10	Ozarka		3.0			
	Total top 10 companies		70.7			
	Total other companies in industry		29.3			
	Industry total	11,800,000	100			

Visualizing Market Share

A circle graph shows the relationship of a part to a whole. Circle graphs are used to graph information that is recorded in percentages. To make an accurate circle graph, any circle can be divided into 360° (degrees).

Multiply each number in the *Market Share (decimal)* column by 360 to find the number of degrees required for that section of the circle graph. For example:

$$0.134 \times 360 = 48.24$$

Write the result in the *Multiply by 360°* column. Round that number to the nearest whole number (no decimals). For example, 48.24 rounded to the nearest whole number is 48. The total degrees should equal 360° (or very close to 360° because of rounding). Write the rounded number in the *Nearest Degree* column.

Complete the circle graph that follows by labeling it with the correct information. Label each section with the correct company name based on its corresponding market share.

Bottled Water Market Share

0°

270°

90°

180°
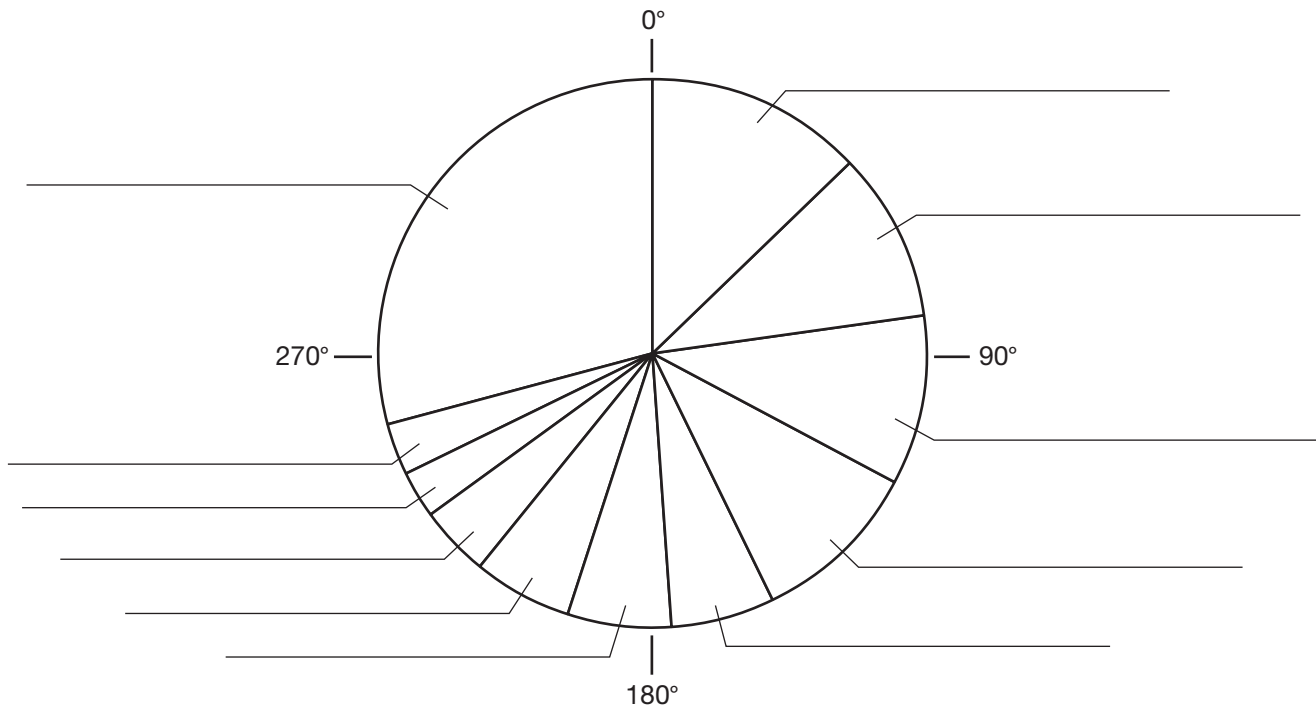
Part 4: Be Your Own Leader

Strengths and Weaknesses

Every leader has times when things go well and other times when they do not. In order to be able to identify what you do well as a leader and how to increase the likelihood of being an effective leader, it is important to identify your strengths and weaknesses.

Name _____

1. Recall a time you were in a leadership role. It does not have to be a time when you were labeled a leader. It could have been as simple as being assigned to a group for which you assumed the leadership role. It can be as complex as being the captain of a sports team. What did you do to lead others? Did others follow your lead? What did you accomplish?

   _____

   _____

   _____

   _____

2. Recall another time when you were in a leadership role and things did not go well. What happened that caused you *not* to be an effective leader?

   _____

   _____

   _____

   _____

   _____

   _____

3. Complete a SWOT analysis in the following chart based on your own experiences as a leader.

   A. *Strengths*—as a leader, what are you good at doing now?

   _____

   _____

   _____

   _____

   _____

   _____

   B. *Weaknesses*—as a leader, what do you need to work on to become more effective?

   _____

   _____

   _____

   _____

   _____

   _____

   C. *Opportunities*—as a leader, what opportunities do you have to showcase your leadership skills or to improve your leadership skills?

   _____

   _____

   _____

   _____

   _____

   _____

D. *Threats*—as a leader, what things may get in your way?

_____

_____

_____

_____

_____

_____

4. Write a summary of your leadership SWOT analysis.

_____

_____

_____

_____

_____

_____

5. What did you learn about yourself as a leader by completing this exercise?

_____

_____

_____

_____

_____

_____