



The Marketing Plan

8th chapter of the Entrepreneurship book
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83/10/10

Key Words:

- Marketing objectives
- Market research
- Marketing mix




Agenda:



- ❑ Michael S. Dell case
- ❑ Purpose & Timing of the MP
- ❑ Understand the Market Plan
- ❑ Marketing Research
- ❑ The Marketing System
- ❑ Steps in preparing MP
- ❑ Defining the business situation
- ❑ Defining the Target Market
- ❑ Establishing goals & objectives
- ❑ Marketing strategy & Action Programs
- ❑ Marketing mix model 4P's/7P's
- ❑ Why some plans fail ?

Michael S. Dell case



□ Co. 's current situation

- Number two among computer system Co. s worldwide
- Number one supplier in U.S, of PCs to business customers , government agencies, educational ins., and consumers
- number 78 among the 500 fortune companies
- Number 210 in the fortune global 500

□ Entrepreneurial back ground

□ Starting the Biz. With \$1000 in 1984

□ Business idea

□ Former hurdles & solutions

The procedure of it's development



- 1985, 40 employees
- 1986
 - E Lee Walker, specialized in finance & management
 - Morton H. Myerson, former president of Electronic Data Systems Corporation
- 1988, went public, \$31.1 million
- 1991, number one in customer satisfaction
- 1993, \$2 billion sales (126% of growth), fourth largest PC maker
- 1996, new marketing strategy
- 1999, \$35 million per day from internet sales
- Recent new market in China
- 2001, year-end sales of \$31.89 billion, net income of \$2.24 billion, number one in global market share

The secret of his success



- Intriguing yet simple marketing approach
 - Eliminate dealers and distributors (distribution)
 - Meet customer needs through quality service (product)
 - Trying to position the Co. as lower-priced, assemble-to-order, direct response business (price, service)
 - Comparative ads
 - Developing new marketing plans (promotion)

Conclusion:

- Its the entrepreneur's job to:
 - Assess the needs of the target market
 - Estimate the size of the market
 - Implement an effective and competent approach



Purpose & Timing of the MP



□ Purpose:

- Establishes how to compete and operate in marketplace to achieve objectives of the venture
- Serves establishing budgets & financial projections

□ Timing

- Being prepared Annually before any decision making
- Being monitored frequently
- Covering the first three years
 - First year: the most comprehensive goals & strategies, monthly projections
 - Years 2,3: market result projection based on long-term goals of the new venture

Understand the Market Plan

- Where have we been?
- Where do we want to go?
 - Marketing objectives and goals
- How do we get there?
 - Discuss the specific marketing strategy
 - When it will occur?
 - Who will be the responsible for monitoring activities?



Understand the Market Plan



□ Where have we been?

– Stand-alone document (operational plan)

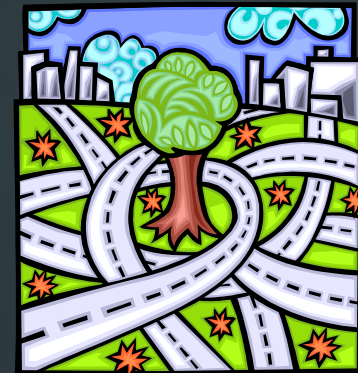
- Some back-ground on the Co.
- Co. 's strength and weakness
- Some back-ground on the competition
- A discussion of the opportunities & threats in the marketplace

– Part of the BP

- Some history of the market place
- Marketing strength and weakness of the firm
- Market opportunities and threats

Understand the Market Plan

- **Marketing plan:** Written statements of marketing objectives, strategies, and activities to be followed in business plan



Outline for a MP



Situation analysis

Background of venture

Market opportunity and threats

Competitor analysis

Strengths and weakness of venture

Marketing objectives and goals

Budgets

Controls

Marketing Research

- Step one: Defining the purpose or objectives
- Step two: gathering data from secondary sources
- Step three: gathering information from primary sources
- Step four: Analyzing and Interpreting the results
 - Data cross-tabulation
 - Market segmentation



Data collection procedures



- Observation
- Networking
- Interviewing or surveying
 - Telephone
 - Mail
 - Personal
- The questionnaire or data collection instrument
 - Fulfill objectives
 - Clear and concise
 - Not biasing the respondent
 - Easy to answer

Data collection procedures

- Focus groups
- experimentation

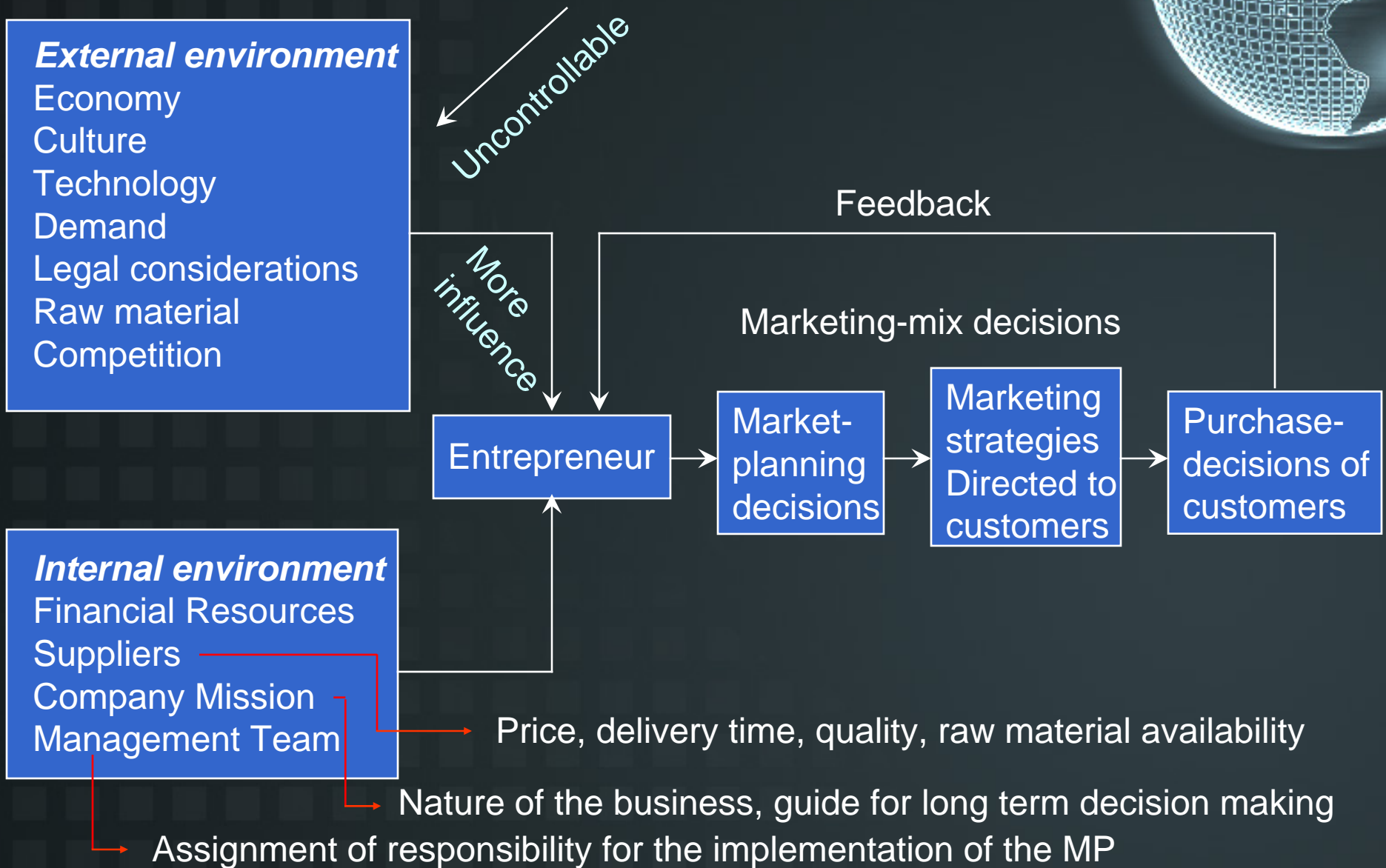


Characteristic of a MP



- ❑ It should be based on facts and valid assumptions
- ❑ It should be flexible. (what-if scenario)
- ❑ It should specify performance criteria that will be monitored and controlled
- ❑

The Marketing System



Steps in preparing MP



Defining the business situation



Where have we been?

Not new venture : a review of past performance of the product and the company

Before the startup: more personal background, describing how & why the product or service was developed

New venture:

After the startup: information on present market conditions and the performance of the Co. 's goods and services

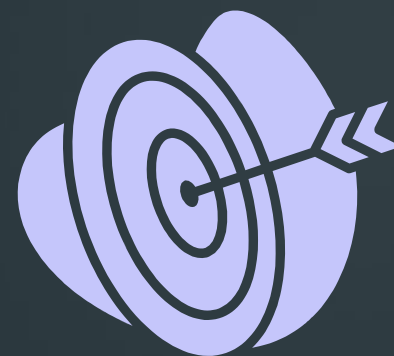
Defining the business situation



- Review of key elements of industry and competitive environment
- Provide a context for the marketing segmentation and actions

Defining the Target Market

- Target market
- Market segmentation
- Henry ford's Model T



Process of segmenting & targeting costumers



- A. Decide what general market or industry you wish to peruse
- B. Divide the market into smaller groups based on characteristics of the costumer or buying situations
- C. Select segment or segments target
- D. Develop a MP integrating product, price, distributions, and promotions

Buying situations/Characteristics of the costumer



A. Characteristics of the costumer

- i. Geographic (e.g. state, country, city, region)
- ii. Demographic (e.g. age, sex, occupation, education, ,income, and race)
- iii. Psychographic (e.g. personality and lifestyles)

B. Buying situations

- i. Desired benefits
- ii. Usage (e.g. rate of use)
- iii. Buying conditions (e.g. time available)
- iv. Awareness of buying intention (e.g. familiarity of product & willingness to buy)

Considering strengths and weaknesses



- Uniqueness
- Experience
- Production limits(space, equipment,...)
- Distribution system
- ...

Establishing goals & objectives



□ Marketing goals & objectives:

Statements of level of performance desired by new venture

□ Reasonable, feasible, realistic, specific

□ Where do we want to go?

✓ *Market share*

✓ *Profits*

✓ *Sales(territory and region)*

✓ *Market penetration*

✓ *Number of distributors*

✓ *New product launching*

✓ *Pricing policy*

✓ *Sales promotion*

✓ *Advertising support*

✓ *Awareness level*

□ Not all goals should be quantifiable

□ Limit the number of goals

Marketing strategy & Action Programs



□ Marketing strategy & Action Plan:

Specific activities outlined to meet the venture's business plan goals and objectives

□ How do we get there?

- It should be specific enough and detailed enough
- It reflects on the marketing mix variables

Marketing mix model 4P's



1.Product: does the organization create what its intended customers want?

Functionality,
Quality,
Appearance,
Packaging,
Brand,
Service,
Support,
Warranty



Customer service



- Steps to be taken to ensure customer satisfaction:
 - Developing a statement of customer service principles
 - Training
 - Establishing an evaluating process
 - Rewarding the most effective employees in providing quality customer service
 - Making regular contact with customers
 - Investing in quality telephone equipment
 - Being a good listener, asking questions, making a commitment to meeting the customer's expectations
 - Assigning a representative for each customer

Marketing mix model 4P's

2.Price: How much are the intended customers willing to pay?

List Price,
Discounts,
Markups,
Leasing Options,
Allowances



Related issues:

- Cost estimation
- Helpful resources:

Knowledge of competitors
Marketing research

Marketing mix model 4P's



3.Place: Available at the right place, at the right time, in the right quantities?

Locations,
Logistics,
Channel members,
Channel Motivation,
Number of intermediates
Market Coverage,
Service Levels,
Internet, direct mail, telemarketing
Website

• Helpful resources:

Networking among business associates & friends
Marketing research

Marketing mix model 4P's



4.Promotion: (How) are the chosen target groups informed or educated about the organization and its products?

Advertising,
Public Relations,
Message,
Direct Sales,
Sales,
Media,
Budget

Marketing mix model 7P's



5. People: All people directly or indirectly involved in the consumption of a service.

- Knowledge Workers,
- Employees,
- Management,
- Other Consumers

6. Process: Procedure, mechanisms and flow of activities by which services are consumed

- Customer management processes

Marketing mix model 7P's



7. Physical Evidence: The ability and environment in which the service is delivered

- Tangible goods that help to communicate and perform the service
- Intangible experience of existing customers
- The ability of the business to relay that customer satisfaction to potential customers.

Some issues to be concerned:

- ❑ Coordination of the planning process
- ❑ Designating responsibility for implementation
- ❑ Budgeting the marketing strategy
- ❑ Implementation of the market plan
- ❑ Monitoring progress of marketing actions (related on goals and objectives)
- ❑ Contingency plan



Why some plans fail



- ❑ Lack of a real plan
- ❑ Lack of an adequate of situation analysis
- ❑ Unrealistic goals
- ❑ Unanticipated competitive moves, product deficiencies, and acts of God