

Marketing Plans

HOW DO YOU MAKE CHOICES about what to buy? Chances are, you learn about a product through advertising, or you may notice it because it is in a prominent display in a store. Maybe your friends are all talking about a new gadget, or maybe you buy the same product your parents have bought for years. Every business wants customers to buy its products or use its services instead of those of the competition. In this unit, you will learn about how businesses put together marketing plans to boost sales and entice customers.



Objective:



Describe marketing processes.

Key Terms:



automation
bundling
demographic
distributors

feasibility
macro-environment
net weight
niche

outsourcing
rebranding
survey
warranty

Marketing Strategies

Imagine that you are creating a new product and starting a business. How do you get people to buy your product? A lot of work must be done before the product arrives in stores. You would need to conduct market research and develop a plan to market the product to potential customers. A marketing plan helps you evaluate whether your business or product has a good chance of being successful.

MARKETING PROCESSES

Market research is used to identify the competition's products and to determine the customer demand for new innovations. To conduct market research, study and evaluate the existing market. Study the **feasibility**—the practicality of something being achieved—of a new product's success. To help determine feasibility, develop a **survey** or questions asked of a sample population. Then statistically analyze the responses.

Rebranding

Rebranding is the process used to give a product, service, or an organization a new image or a different identity to make it more attractive or successful to a target audience. Often rebranding is a radical repositioning of a product or a company due to restructuring, a merger, or a takeover. It may involve superficial changes, such as an update or revision of the product logo. Rebranding can be used with new, mature, or unfinished products or organizations. Brand image strategies include a logo, formula (for food and beverage items), name, image or appearance, and market strategy, including advertising.

Walmart®

Walmart® made a major logo change in 2008. The logo change was to promote its evolution as a company. According to the press release, “This logo update is simply a reflection of the refreshed image of our stores and our renewed sense of purpose of helping people save money so they can live better.” A new image can help any company impart a new perspective in the mind of customers.

The logo change helped update the 16-year-old hyphenated logo (Wal-Mart) to one word (Walmart) with a starburst added following the logo. The attempt was to make the company seem more like the name of a person, to help humanize the mega retailer, and to make it appear friendlier. The change helped update the company's image with customers. Walmart has had several logo changes from the original one in 1962 to the ones in 1964, 1968, 1981, 1992, and 2008.

Coca-Cola

A famous example in rebranding is when the Coca-Cola Company issued New Coke® on April 23, 1985. New Coke represented the first marketing formula change of the Coca-Cola trademark in 99 years. Coca-Cola cited a couple reasons for the rebrand. It found that taste test surveys of 200,000 customers indicated people preferred the taste of New Coke to the original Coke. It also was an attempt to increase the company's cola market share, which had been slipping for 15 years.

There was outrage from customers at the replacement of the original Coke. Some people began hoarding original Coke and voicing disapproval via phone calls and protests when the Coca-Cola Company advertised that the secret formula for New Coke would replace the original Coke. The company's marketing strategy forgot the value of the bond the consumers felt toward the original Coke. Consequently, the original Coke name was changed to Coca-Cola



FURTHER EXPLORATION...

ONLINE CONNECTION: Rebranding

In this unit, you learned about how rebranding can change a product or company's image to boost sales. Sometimes this works, as in the case of Walmart. Sometimes it backfires, as in the case of New Coke.

Visit the following website to read an article listing the 10 most successful rebranding campaigns, followed by 10 rebranding disasters. Choose one company or brand from each list to research further. Use the Internet to find out more about the companies and the rebranding campaigns. Give a short presentation to your classmates, detailing why you think the campaign was successful or unsuccessful. If the campaign failed, offer suggestions on what the company could have improved.

<http://www.businessinsider.com/10-most-successful-rebranding-campaigns-2011-2>

Classic® two days after the launch of the marketing plan and is still available today. But New Coke, which was later called Coke II®, is no longer available in the United States. The rebranding fiasco did actually help the Coca-Cola brand become even more successful because of added publicity and customer loyalty.

Macro-Environment

Political, economic, social, and technology (PEST) is a method to evaluate a company's **macro-environment**—issues that impact the company but are out of its immediate control. The political culture of the country impacts businesses with tax policies, laws, and political stability. National economics affects businesses via interest rates and the inflation rate. In addition, the monetary exchange rate affects export profits. The social factors are the culture's emphasis on health and safety as well as the age and career demographics of those in the workforce. The technological effect is seen in the use of automation and outsourcing. **Automation** is the use of mechanical equipment instead of human labor. **Outsourcing** is labor contracted outside of the company's plant.

Planning

SWOT is an acronym that refers to analyzing issues related to marketing, business, planning, and career planning. The "S" refers to the strengths of the company. The "W" is used to analyze the weaknesses of the company. The "O" reflects opportunities of the company, and the "T" refers to threats to the company.

SALES AND MARKETING STRATEGIES

The four Ps are used to determine marketing strategies: product, price, place, and promotion.

Product

Product decisions include the quality and brand name. Marketers may consider a product **warranty**, which is a guarantee for repair or replacement of defective workmanship. They also evaluate a **niche**, which is a specialized product market.

Price

Marketers consider several price ranges before determining list and discounted prices. When appropriate, a price per bundle is determined. **Bundling** is several items offered as a group for a special price. For example, software companies often bundle several individual pieces of software as a group or suite for a reduced price, as compared to the individual purchase of each piece of software.

Place

The marketing team determines an appropriate distribution model. It considers if the product will be sold as a direct sale (direct from the company to the consumer) or as a retail sale (marketed through various retail stores). The team also chooses the **distributors**—people who move merchandise to retailers.

Promotion

Promotion is the way in which the company makes the public aware of a product's availability. Advertising strategies and techniques are essential. For a promotion to be successful, the cost of promoting a product may be regrouped with additional sale items.

LABELS AND PACKAGING

All product labels and packaging must meet government standards as well as catch the public's attention. The visual appeal of the package has many facets, including the use of color and the shape of the package. Pictures and information are designed to appeal to the marketing **demographic** or target group. Packages may include novelties, such as a prize inside the package, a game piece, or some other chance to win a prize.

Food packages must include the common name of the product, the company name, and the manufacturing address. The packages also must include the **net weight**, which is the weight of the contents minus the package, as well as the ingredients listed in rank order by amount included, from most to least.

Nutrition facts analyze the amount and percentages of daily value for fat, cholesterol, sodium, carbohydrates, protein, vitamin A, vitamin C, calcium, and iron. Nutritional facts have a specific standard format that must list the serving size, number of servings in one package, and calories in one serving.

MARKETING PLAN

There are several parts of a typical marketing plan: an executive summary, a challenge portion, a company analysis,

Executive Summary

An executive summary is a concise overview of the plan and is no longer than two pages. It answers the questions of who, what, and why and should leave the reader wanting to know more about the company and its marketing plan. Although it is placed as the first item in the marketing plan, it should be written last.

Challenge Portion

The challenge portion is a brief description of the company's goals for marketing the products.

Company Analysis

The company analysis includes the company goals. The analysis should have summaries from the SWOT and PEST analyses. In addition, it should contain the effect of political, economic, societal, and technological issues related—or perceived to be related—to the company's marketing.

Customer Analysis

The customer analysis should have target demographics for marketing the product to individuals. Demographic information should include the type of customer (e.g., age, gender, and interests) as well as the geographic location of the target demographic, which affects the marketing strategies and techniques selected. Marketing strategies may vary by age, gender, interests, and/or income levels. Companies use different marketing strategies when targeting business customers than when marketing to individuals. Also, the business location and size affects the selected marketing strategy. The level of technology integration required by the business using the company's products may be discussed in the marketing plan.



FIGURE 1. Food packages must include nutrition facts, such as the serving size and the number of calories per serving.

Market Position and Market Share

In this section, the market position and market share of competitors who have one similar product or an entire line of similar products should be discussed. It should compare the company product and the competition's product via a competitive analysis table, with features and benefits.

Four Ps

The four Ps—product, price, place, and promotional plan—also are included in the marketing plan.

Optional Elements

Plans may include optional elements as needed, such as a cover page, table of contents, and an appendix.

Summary:



Market research is used to identify the competition's products and to determine the customer demand for new innovations. Some products or businesses are rebranded to give them a new image or a different identity to make them more attractive or successful to a target audience.

PEST is a method to evaluate the company's macro-environment. SWOT is an acronym that refers to analyzing issues related to marketing, business planning, and career planning. The four Ps are used to determine marketing strategies: product, price, place, and promotion. Marketing plans should include an executive summary, challenge portion, company analysis, customer analysis, and information about the four Ps.

Checking Your Knowledge:



1. What does feasibility mean?
2. What are the four Ps used to determine marketing strategy?
3. What is rebranding, and what are some examples of companies that have done it?
4. What are the four elements of the acronym PEST?
5. What elements are included in a marketing plan?

Expanding Your Knowledge:



Survey a few family members and friends to find out how marketing affects them. Choose a type of business or product. Ask each person if he or she has a favorite brand of that particular business or product. Is he or she “brand loyal,” meaning he or she always chooses that brand? Or does that individual choose the product most readily available or the one that is on sale? Ask whether the individual has always preferred that particular brand or if his or her preference has changed in recent years. Is rebranding responsible for his or her change in preferences?

Web Links:



How to Rebrand Your Business

<http://www.inc.com/guides/2010/11/how-to-rebrand-your-business.html>

Marketing Plan Outline

<http://www.quickmba.com/marketing/plan/>

Plan Your Marketing Strategy

http://marketing.about.com/od/marketingplanandstrategy/Plan_Your_Marketing_Strategy.htm