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Components of a Marketing Plan

Summary: An overview and description of the components of a marketing plan.

A comprehensive marketing plan is an excellent tool to guide your company's strategy. Although not all parts of the plan will directly relate to your particular business, following these guidelines will help you to make sure you've taken all factors into consideration when making decisions.

To view sample marketing plans, go to <http://www.mplans.com/spm/>.

Executive Summary

The executive summary is the first part of the marketing plan, but should be written after all other parts are completed. It is a brief overview of the entire plan and covers only the main points. It is useful to people you approach with your plan, such as investors, who may want to read a synthesized version to determine if they are interested in it before taking the time to read it in depth. The executive summary is also useful internally, as it helps to remind you and your employees of the organization's desired marketing goals and how to achieve them.

Situation Analysis

The situation analysis helps you to determine where your organization presently stands. It should examine what's going on outside of the organization, what's happening with consumers, and how the business is functioning internally.

External Analysis

What changes are taking place in your city, county, state, country and around the world that could potentially impact your business? Some things to investigate are:

- Changes in political positions and legislation at the local, state, and national levels

- Changes in technology
- Trends in society's values and habits
- Identify competitors and list their characteristics
- Economic conditions

Customer Analysis

Before developing a marketing plan it's important to find out what consumers want and how they make purchase decisions. This may require some marketing research. Think about these factors:

- Current and potential customers
- Trends in consumer buying habits
- Why do consumers purchase this product or service?
- Why do others not purchase this product or service?

Internal Analysis

Knowing the state of the organization and its resources helps to determine where it is strong and what areas need attention. Include the following in the marketing plan:

- Current state of financial and human resources
- Anticipated state of financial and human resources
- Your business's performance in relation to competitors

SWOT Analysis

Conducting a SWOT (strengths, weaknesses, opportunities, threats) analysis is essential in assessing the company's position and serves as a guide to developing marketing plans.

Benefits of a SWOT Analysis

A SWOT analysis provides a fairly simple, low-cost way of assessing the company's position. It presents information that is important in developing business and marketing plans, as well as setting organizational goals and objectives. It tells you where the company currently sits, and where it needs to go in the future.

When conducting your SWOT analysis, you should:

- Examine your company's strengths, weaknesses, opportunities, and threats from a customers' perspective. If you're having trouble viewing issues that way, ask customers what they think or conduct surveys.
- Separate internal issues from external issues. The company's strengths and weaknesses are internal; opportunities and threats are external. The key test to differentiate the two environments is to ask, "Would this issue exist if the firm did not exist?" If the answer is yes, the issue should be classified as external.

Some things to consider about your company when determining your strengths and weaknesses are:

- Size and financial resources
- Scale and cost economies
- Customer Perceptions

You will probably have to do some research on your competitors, your industry, and the environment in order to complete the opportunities and threats portion of your SWOT analysis. Here are some topics to consider:

- Trends in the competitive environment
- Trends in the technological environment
- Trends in the sociocultural environment

Once you've finished a SWOT analysis for your company, include the resulting strategy in your business and marketing plans. Some key actions to take include:

- Transform strengths into capabilities by matching them with opportunities in the environment.

Example

Strength: The company has a very efficient order fulfillment and distribution process

Opportunity: There is an unfulfilled need for the company's product in other countries

Capability: The company is capable of distributing its products worldwide

- Convert weaknesses into strengths by investing strategically in key areas.

Example

Weakness: Employees are not familiar with the latest technology in the company's industry

Investment: The employer sends employees to classes, workshops, and conferences

Strength: Employees now have inside information on cutting edge technology relevant to the industry

- Weaknesses that cannot be converted into strengths become limitations. Any limitation that is obvious and meaningful to consumers must be minimized.

Example

Weakness: A start-up company that has a tight distribution budget and no connections in the industry may have difficulty getting shelf space in stores

Meaning to consumers: Consumers may not be able to find the company's products

Minimization: Allow consumers to purchase products through other channels, such as a web site or mail order catalog

Marketing Goals and Objectives

After determining your company's strengths, weaknesses, opportunities, and threats, you'll have a better idea of what marketing goals and objectives should be set. Goals are the overall accomplishments that you'd like to make and objectives are benchmarks to meeting those goals. You might say that goals are more qualitative and objectives are more quantitative. For example:

Marketing Goal: Increase awareness of Product X

Corresponding Objectives: Increase last year's direct mail distribution by 20% this year; develop a web site for Product X by June 1st; participate in five trade shows by the end of the year.

Goals must be realistic and consistent with the firm's mission. Objectives must be measurable and time-specific. You may also want to include the person responsible and the budget required for each objective.

Marketing Strategies

In this section, you'll define your primary, secondary, and tertiary target markets and their purchasing characteristics. Next, discuss the marketing mix elements (product, price, distribution, and promotion) as they relate to your product or service. Some questions you may want to answer for each target market include:

Product

- What are the features and benefits of your product?
- What is your competitive advantage?
- How will you position and differentiate your product?
- What complementary products are available?
- What customer services are available?

Price

- What are the costs associated with the product or service?
- What will your pricing strategy be?
- Will you give discounts?

Distribution

- Who are your suppliers and intermediaries?
- How will you make the product or service conveniently available to consumers?
- What partnerships can be developed to distribute the product?

Promotion

- Where will you advertise?
- What public relations activities will be involved?
- If you will be involved in personal selling, what is your sales strategy?
- What types of promotions will you run?
- What sponsorship opportunities are available?

Implementation

In the first part of this section you'll describe what your company must do internally in order to meet the goals and objectives you've set. Will additional staff members need to be hired? Is an employee training program going to be necessary? Will you empower employees who have close contact with customers to make decisions? Many other issues may need attention, also.

Next, you will discuss the specific actions that will take place and when they will occur. In effect, you'll be creating a month-by-month marketing calendar that will serve as a guideline for implementation. Many of the tactics listed on your calendar will be the same as your objectives. For example, one of the objectives listed above was to create a web site by the end of the year. This is how it might appear on your calendar:

Activity: Create a web site for Product X

Person Responsible: IT Department Coordinator

Budget: \$1500

Completion Date: on or before December 31, 2003

Evaluation and Control

Many business owners forget the importance of evaluating their marketing plan. This is extremely important, because it serves as a guideline for what to do or not to do in the next marketing planning period. It also ensures that the plan will be implemented properly. Some questions to be answered include:

- How will employees be evaluated and compensated for their work?
- How can communication between employees be improved?
- Do the employees share the firm's values?
- Is management committed to the implementation of the marketing plan?
- What can be done if the product or service does not meet performance standards?
- What corrections can be made if the pricing, distribution, and promotion strategies do not accomplish the marketing goals and objectives?
- How will marketing activities be evaluated?

Remember that not everything in this outline will be necessary to include in your business's individual plan. Likewise, there may be other items that are vital to your marketing plan that this worksheet does not mention.

ADDITIONAL SOURCE: Ferrell, O.C., Michael D. Hartline and George H. Lucas. **Marketing Strategy**. Orlando: Harcourt, Inc., 2002