

# Appendix A

## Marketing Plan Basics

This document will provide you with a handy summary of how to prepare your own marketing plan, all of which was discussed in detail in this 4th edition of *The Marketing Plan*. We will present the following topics in abbreviated, outline form.

Section I:	Strategic Position, Marketing Personnel, Fact Book Summary, and Major Marketing Objectives and Strategies
Section II:	Product/Service Plan
Section III:	Marketing Communications Plan
Section IV:	Research Plan
Section V:	Customer Service Plan
Section VI:	Sales Management Plan
Section VII:	Budget, Timing, Plans, and Action Plans

## **Section I: Strategic Position, Marketing Personnel, Fact Book Summary, and Major Marketing Objectives and Strategies**

### ***Strategic Position***

1. Relative profit potential of this market within the company. Example: a new market with the highest profit potential of all markets in which the business is currently competing.
2. Critique on company versus competition as to current status as well as ability to acquire the critical business strengths needed to become a major player in this market.
3. Definition of strategic position and payout. Example: Strategic position will be to go for maximum market share and become market leader with a break-even in five years.

### ***Marketing Personnel***

1. State which components of the business are involved in the marketing function.
2. If you employ an advertising agency, state its role in the preparation of the plan.
3. State the name of the planning leader for the plan, the members of the planning team, the individual who is responsible for keeping the fact book up to date, and the individuals responsible for monitoring the various sections of the plan to be sure the strategies are executed correctly and the objectives

are met.

### ***Fact Book Summary***

1. Statement on marketing aspects of the market.
2. Statement on marketing strength of competition.
3. Definition of target audience.
4. Delineation of company marketing strengths and weaknesses for competing in this market.

### ***Major Marketing Objectives***

1. Market share objectives.
2. Distribution and depth of line objectives.
3. New product/service introduction objectives.
4. Awareness, preference, and sales closure rate objectives.
5. Repeat purchase rate and volume/profit per purchase objectives.
6. Marketing budget and timing.
7. Gross sales, gross margin, operating margin, and net profit objectives (sum of all functional plans: R&D, engineering, manufacturing, operations, marketing, and G&A).
8. Return-on-investment (ROI), return-on-assets (ROA), return-on-net-assets (RONA), and/or discounted cash flow (DCF) objectives (sum of all functional plans).

## *Major Marketing Strategies*

1. Positioning statement. Example: Position the brand in the segment of the market of consumers who desire more preprogrammed options, thus extending the use and value of the brand. This target is the numbers-oriented person (e.g., the engineer, aviator, accountant, or retailer).
2. Distribution strategy. Example: Position the brand among dealers as the most attractive service to the above-mentioned target, one that is not currently being reached by brands Able and Baker and thus not a duplication of inventory. Develop in-store merchandising units to demonstrate and allow consumer to “work” new model, thereby reinforcing brand difference at point of sale.
3. Communications strategy. Example: Thrust of marketing communications will be consumer “pull” rather than dealer “push.” Dealer push is when you sell on price. Build brand awareness and recognition of brand difference with target consumer, first through specialized media and later through mass media.
4. Pricing strategy. Example: Price competitively with major competition.

## **Section II: Product/Service Plan**

### *Product/Service Plan Objectives*

1. Set objectives for subjects such as allocation of marketing dollars per product/service, distribution, depth of line, packaging, pricing, awareness, preference, and repeat purchasing.
2. Examples:
  - a. Model 1040 and 1041 will receive 90 percent of marketing dollars due to higher profit margins.
  - b. Increase the average price to \$1,961 on models 1040 and 1041.
  - c. Expand distribution among chains from 29 percent to 50 percent, among department stores from 50 percent to 75 percent, and among independents from 17 percent to 35 percent.
  - d. Reduce packaging costs to \$2.50 for chains, \$2.25 for department stores, \$1.50 for owned and operateds (O/O), and \$3.00 for independents.

### *Product/Service Plan Strategies*

1. Set one or more strategies for each objective.
2. Examples:
  - a. All advertising and sales promotion will feature models 1040 and 1041. In addition, sales force will receive double bonus points on these two models.
  - b. Prices will be raised for O/Os and independents to \$2,100, coupled with the company's pledge for greater advertising support. Chain and department store pricing will remain the same.

- c. Major expansion in distribution will be obtained through a 35 percent increase in the sales force and a 25 percent increase in the communications budget.
- d. The new technology on vacuum packaging developed last year by R&D will be used for all models within the next two years.

### ***Product/Service Plans***

1. Develop at least one plan for each above strategy. The plan states how you plan to execute the strategy.
2. Summarize the plan in the marketing plan and put the data in action plans. The action plan should include each step or task, who is responsible for each step or task, and the date by which each step or task has to be completed. If the strategy is to use trade shows to accomplish a certain objective, then the action plan should delineate each step necessary to execute the strategy, including selecting the shows, booking the space, designing the exhibit, and determining who will attend.

## **Section III: Marketing Communication Plan**

### ***Marketing Communications Plan Objectives***

1. Include objectives on advertising, sales promotion,

and public relations.

2. Advertising Plan examples:

- a. Among senior data processing professionals in companies with sales over \$20 million: increase awareness of Ryan minicomputer from 30 percent to 50 percent; increase association with major selling point (more data storage per dollar) from 25 percent to 40 percent.
- b. Among dealers of small computer systems, increase awareness of brand.

3. Sales Promotion Plan examples:

- a. Demonstrate high-impact resistance of new housing on energy monitor to 300 design engineers.
- b. Reduce sales time necessary to educate purchasing agents on specifications of thermocoupler line from an average of ninety minutes to thirty minutes.
- c. Generate \$50,000 in direct sales of replacement parts.
- d. Reduce the number of unqualified leads sent to the sales force by 50 percent.

4. Public Relations Plan examples:

- a. Placement of two major articles in general business, news magazines, or Internet.
- b. Placement of major article on new Series 100 line in every data processing publication.

1. Set one or more strategies for each above objective.
2. Advertising Plan examples:
  - a. Creative strategy:
    - i. Major benefit: more data storage per dollar.
    - ii. Copy points: Competitively priced; offers twice the number of circuits per chip; supports 30 percent more sectors per track versus competition.
  - b. Media strategy:
    - i. Reach 65 percent of senior data processing professionals in companies with sales over \$20 million with a frequency of eight over a twelve-month period.
    - ii. Concentrate all media dollars in the leading trade vertical magazine, adding second magazine in the field only if necessary to reach required reach.
3. Sales Promotion Plan examples:
  - a. To demonstrate impact resistance of new housing, take a booth in July WESPLETEX show and design exhibit offering a prize to anyone checking housing with sledge hammer. Publicize exhibit and prize by direct mail to design engineers.
  - b. Review brochures on thermocoupler line to incorporate complete specifications and clear explanation to differences between each item in the line.
  - c. To build direct sales program for replacement parts, start with list of customers with models

between the ages of three and five. Set up system of twenty-four-hour handling of orders. Stress that fast service results in less downtime for customer.

4. Public Relations Plan examples:
  - a. Use lure of exclusive sneak preview of Series 100 line and/or set up exclusive interview with CEO for major business/newsweekly article.
  - b. Fly in editors of all data processing publications for preview of Series 100 three months before introduction to secure major coverage in their May editions.

## **Section IV: Research Plan**

### ***Research Plan Objectives***

1. Set objectives for methods you will use to measure the effectiveness of your marketing plan, changes in the market, and new product/service development.
2. Examples:
  - a. Conduct a statistically projectable study of the target audience to obtain current levels on awareness, registration of selling message, preference, and intent to buy.
  - b. Determine needs of the company's customers and the current ranking of the company's customer service department concerning the competition.
  - c. Determine two leading benefits of new model 707

to the aircraft instrumentation industry.

## **Section V: Customer Service Plan**

### ***Customer Service Plan Objectives***

1. Set objectives for the performance of customer service (e.g., effectiveness ranking within the industry, management involvement, marketing involvement, knowledge of product/service line, number of telephone rings before response, cost of handling returns, and expertise of technical personnel).
2. Examples:
  - a. Company will be ranked number one in the industry in customer service effectiveness within two years.
  - b. All phones will be answered by the third ring.
  - c. Customer service personnel will have access to all marketing information available to product managers.

### ***Customer Service Plan Strategies***

1. Set one or more strategies for each objective.
2. Examples:
  - a. All customer service personnel will be given a free weekend trip to either Disneyland or Disney World to permit them to observe the finest

- customer service organization in the world.
- b. An independent company will be commissioned to answer any customer service phone after two rings. The customer service department will be charged the complete cost, which will be deducted from customer service employees' bonuses.
  - c. All customer service personnel responsible for product/service knowledge will have access to a database that will allow them to bring up any type of information on any product/service sold by the company.

## **Section VI: Sales Management Plan**

### ***Sales Management Plan Objectives***

1. Set objectives on subjects such as sales goals per product/service line, sales closure rate, cost per sales call, number of sales calls per day, and sales training.
2. Examples:
  - a. Maintain current field force of twenty people on service A and increase sales from \$910,113 to \$995,000.
  - b. Increase average sales closure rate from current 22 percent to 28 percent.
  - c. Average 20 percent of sales force calls by field force on service B to frequent travelers to speed

- up penetration of this market.
- d. Increase division profitability by increasing sales of service C from 30 percent to 35 percent.

### *Sales Management Plan Strategies*

1. Set one or more strategies for each objective.
2. Examples:
  - a. Improve field sales force productivity on service A through a combination of efforts including forming home office unit with 1-800 telephone number lines to take over customer tracking and routine reorders and creating series of direct-mail pieces to qualify inquiries before sending to field.
  - b. To increase closure rate, a minimum of one-third of the entire sale force will be sent to a new one-week session for sales training that will incorporate a new concept of “town meeting” dialogue to improve each individual’s ability to close.
  - c. To increase penetration of service C, hire ten new salespeople to work as task force rolling out service as each new region is targeted.
  - d. To increase proportion of sales of service C, create bonus compensation plan based on points awarded according to margins on various services.

## **Section VII: Budgets, Timing, Plans, and Action Plans**

### ***Budgets***

All objectives should be measurable to enable you to determine whether you meet them. That means they require a goal, a control, and timing or date. In the preceding pages there are several examples of objectives with goals. Put the control (usually the amount of money to be spent) or the budget in each objective, or you can put the control for each objective in summary form at the end of the plan.

After you have approved goals and controls, monitor them each week to be sure you are on target. If you are off target sometime during the year, you have to change either the goal or the control or alter the strategy.

### ***Timing***

Timing refers to the date by which the objective must be achieved. Like controls, the timing can be inserted in each objective or can be summarized at the end of the plan. Like controls, timing has to be continuously monitored.

### ***Plans***

Plans are the execution of the strategies. They should be summarized in the marketing plan. After the complete

marketing plan is approved, action plans should be written to provide the details. If you include all the details of executing a strategy in the marketing plan itself, you may be confronted with three possible problems:

1. You end up with a 50- to 200-page document that no one will read, and the plan just gathers dust on the shelf.
2. If the plan is not approved, you have wasted time developing all the details.
3. Using a separate action plan lets the people who will actually execute the plan decide for themselves how they should do it.

### *Action Plans*

An action plan contains the detailed execution of one or more strategies and should include at least three factors:

1. Each necessary step or task
2. Who will be responsible for accomplishing each step or task
3. The required completion date of each step or task

For each marketing plan, you may have between five and twenty action plans. The sum of all your action plans are your milestone calendar or perk chart. A milestone calendar keeps you on target relative to

timing. A perk chart determines which completion dates for certain steps or tasks are the most critical and have to be watched most closely. These critical steps or tasks are the ones that influence the beginning of another step or task.

Keep your action plans in separate documents. Your fact book should also be in a separate binder. This will enable you to have a short, concise, operational marketing plan that you can refer to each week. If your marketing plan is not operational, the preparation is nothing more than an exercise. These documents can also be on your server, with all employees having access through their own computer.