
2. FUNCTIONS OF THE MARKETING PLAN

LEARNING OBJECTIVES

1. Understand the functions of a marketing plan.
2. Write a marketing plan.

In Chapter 1, we introduced the marketing plan and its components. Recall that a marketing plan should do the following:

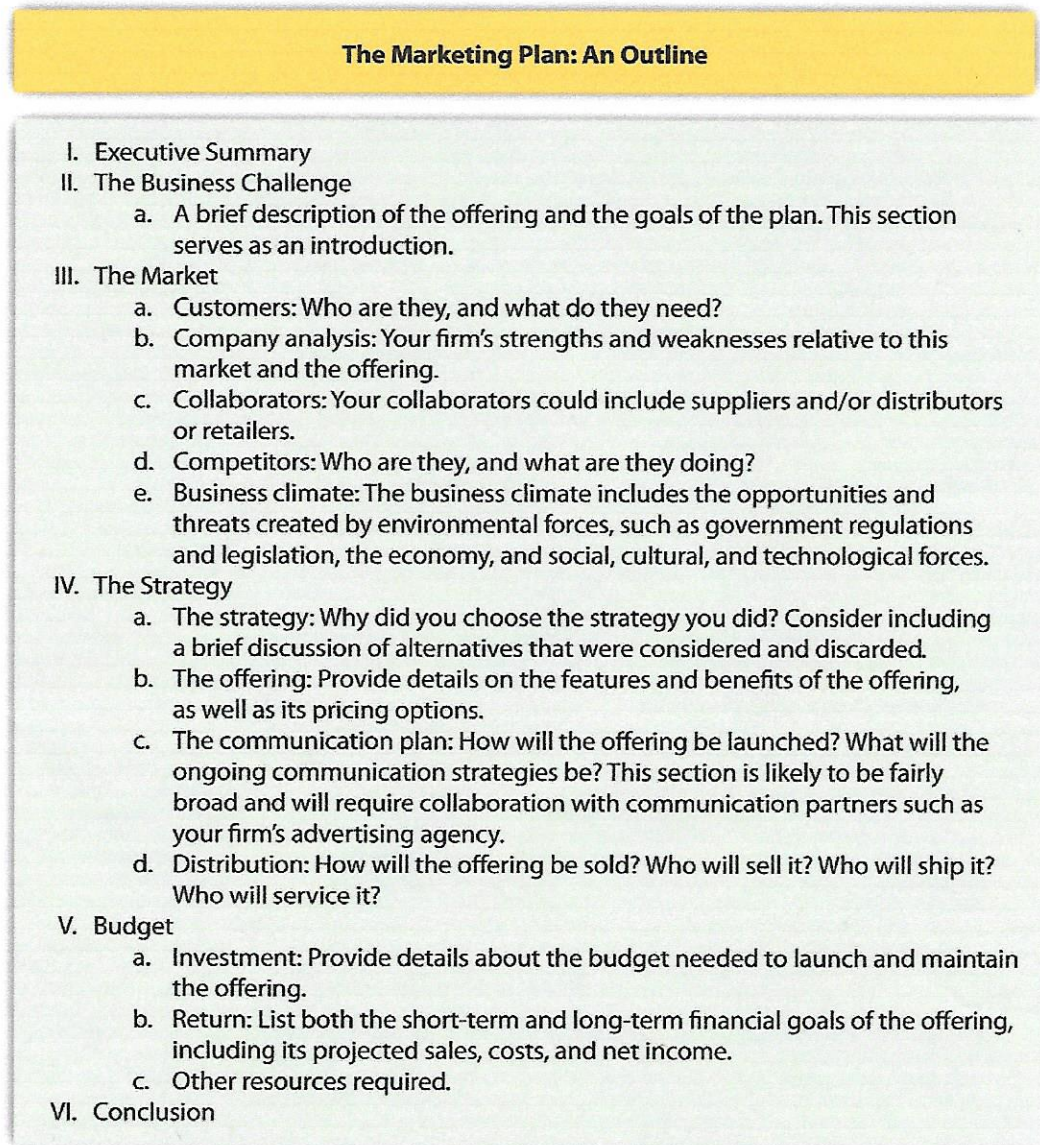
- a. Identify customers' needs.
- b. Evaluate whether the organization can meet those needs in some way that allows for profitable exchanges with customers to occur.
- c. Develop a mission statement, strategy, and organization centered on those needs.
 1. Create offerings that are the result of meticulous market research.
 2. Form operations and supply chains that advance the successful delivery of those offerings.
- d. Pursue advertising, promotional, and public relations campaigns that lead to continued successful exchanges between the company and its customers.
- e. Engage in meaningful communications with customers on a regular basis.

2.1 The Marketing Plan's Outline

The actual marketing plan you create will be written primarily for executives, who will use the forecasts in your plan to make budgeting decisions. These people will make budgeting decisions not only for your marketing activities but also for the firm's manufacturing, ordering, and production departments, and other functions based on your plan.

In addition to executives, many other people will use the plan. Your firm's sales force will use the marketing plan to determine its sales strategies and how many salespeople are needed. The entire marketing staff will rely on the plan to determine the direction and nature of their activities. The advertising agency you hire to create your promotional campaigns will use the plan to guide its creative team. Figure 16.2 shows a complete outline of a marketing plan (you may also want to go to http://www.morebusiness.com/templates_worksheets/bplans/printpre.brc for an example). Next, we will discuss the elements in detail so you will know how to prepare a marketing plan.

FIGURE 16.2 Marketing Plan Outline



2.2 The Executive Summary

A marketing plan starts with an executive summary. An executive summary should provide all the information your company's executives need to make a decision without reading the rest of the plan. The summary should include a brief description of the market, the product to be offered, the strategy behind the plan, and the budget. Any other important information, such as how your competitors and channel partners will respond to the actions your firm takes, should also be summarized. Because most executives will be reading the plan to make budgeting decisions, the budgeting information you include in the summary is very important. If the executives want more detail, they can refer to the "budget" section, which appears later in the plan. The executive summary should be less than one page long; ideally, it should be about a half page long. Most marketing plan writers find it easier to write a plan's summary last, even though it appears first in the plan. A summary is hard to write when you don't know the whole plan, so waiting until the plan is complete makes writing the executive summary easier.

2.3 The Business Challenge

In the “business challenge” section of the plan, the planner describes the offering and provides a brief rationale for why the company should invest in it. In other words, why is the offering needed? How does it fit in with what the company is already doing and further its overall business goals? In addition, the company’s mission statement should be referenced. How does the offering and marketing plan further the company’s mission?

Remember that a marketing plan is intended to be a persuasive document. You are trying not only to influence executives to invest in your idea but also to convince other people in your organization to buy into the plan. You are also trying to tell a compelling story that will make people outside your organization—for example, the director of the advertising agency you work with, or a potential supplier or channel partner—invest money, time, and effort into making your plan a success. Therefore, as you write the plan you should constantly be answering the question, “Why should I invest in this plan?” Put your answers in the business challenge section of the plan.

2.4 The Market

The market section of the plan should describe your customers and competitors, any other organizations with which you will collaborate, and the state of the market. We suggest that you always start the section by describing the customers who will purchase the offering. Why? Because customers are central to all marketing plans. After that, discuss your competitors, the climate, and your company in the order you believe readers will find most persuasive. In other words, discuss the factor you believe is most convincing first, followed by the second-most convincing factor, and so on.

Customers

Who does your market consist of? What makes these people decide to buy the products they do, and how do they fulfill their personal value equations? What is their buying process like? Which of their needs does your offering meet?

Break the market into customer segments and describe each segment completely, answering those questions for each segment. When you write your plan, begin with the most important segment first and work your way to the least important segment. Include in your discussion the market share and sales goals for each segment.

For example, Progresso Soups’ primary market segments might include the following:

- Families in colder regions
- People who need a good lunch but have to eat at their desks
- Busy young singles
- Older, perhaps retired, empty-nesters

These segments would be based on research that Progresso has completed showing that these are the groups that eat the most soup.

Your discussion of each segment should also include how to reach the customers within it, what they expect or need in terms of support (both presales and postsales support), and other information that helps readers understand how each segment is different from the others. After reading the section, a person should have a good grasp of how the segments differ yet understand how the needs of each are satisfied by the total offering.

FIGURE 16.3

Your marketing plan has to convince busy executives and other stakeholders that your idea is worth investing in.



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FIGURE 16.4

Progresso Soups may divide their market into several groups. This family photo might actually represent three different markets: a person who eats lunch at his or her desk at work and needs something quick and filling; a retired but active couple that wants something hot and nourishing; and a busy young family looking for easy meals to prepare.



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Audio Clip

Katie Scallan-Sarantakes

A marketing plan has to account for many factors: customers, competitors, and more. Listen as Katie Scallan-Sarantakes describes how she had to consider these factors when creating marketing plans for Toyota.