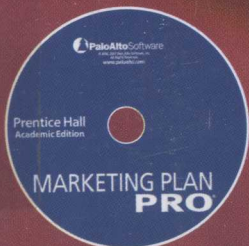




The Marketing Plan

HANDBOOK

FOURTH EDITION



Marian Burk Wood

Fourth Edition

THE MARKETING PLAN HANDBOOK

Marian Burk Wood, M.B.A.



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Printer/Binder: RRD/Harrisonburg
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Library of Congress Cataloging-in-Publication Data

Wood, Marian Burk.

The marketing plan handbook / Marian Burk Wood.—4th ed.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-13-608936-0 (alk. paper)

ISBN-10: 0-13-608936-4 (alk. paper)

1. Marketing—Management—Handbooks, manuals, etc. I. Title.

HF5415.13.W66 2011

658.8'02—dc22

2010000740

10 9 8 7 6 5 4 3 2 1

Prentice Hall
is an imprint of

PEARSON

www.pearsonhighered.com

ISBN 10: 0-13-608936-4
ISBN 13: 978-0-13-608936-0

PREFACE

WHAT'S NEW IN THIS EDITION?

- **Your Marketing Plan, Step by Step.** A special new feature to guide you through the development of an individualized marketing plan.
- **Model of the Marketing Planning Process.** A new conceptual model of the planning process that also serves as an organizing figure for the book.
- **Examples of Marketing Planning in Action.** Dozens of new examples of consumer and B2B marketing, traditional and online marketing, U.S. and global marketing, not-for-profit marketing, and marketing by governmental agencies.
- **Latest Marketing Developments.** New coverage of Twitter and other social media, use of crowdsourcing to engage customers, growth of mobile marketing, and much more.
- **Helpful Checklist in Every Chapter.** In addition to the new “Understanding the big picture for marketing planning” checklist in Chapter 1, every checklist has been revised and updated.
- **New PowerPoint Presentation.** Revised for this edition to emphasize the latest marketing concepts and tools, including more about metrics.

Whether you're marketing a new product, a special service, or *yourself*, a creative, well-researched, and practical marketing plan can make a real difference to your success. Although marketing textbooks often discuss the general use of a marketing plan or contain a brief outline of one, they don't explain exactly how to develop an effective plan—yet that's what marketers, marketing students, and entrepreneurs really need.

The Marketing Plan Handbook fills this gap by taking you through the entire planning process, one step at a time. The emphasis is on applying basic concepts of marketing strategy, tactics, and metrics to develop a marketing plan that is both effective and adaptable. Chapter by chapter, you learn how to formulate a good plan and gain valuable insights from reading about the marketing-plan successes (and occasional missteps) of organizations around the world. At the same time, this updated edition will give you a good overview of the latest marketing developments, including social media, customer-influence strategies, crowdsourcing, and mobile marketing.

YOUR MARKETING PLAN, STEP BY STEP

Don't know where to start or how to approach all the decisions you face in preparing a marketing plan? Each chapter now ends with a special “Your Marketing Plan, Step by Step” feature that takes you through every step in the planning process. By answering the questions in these features and following up on the suggested data sources, you'll have a head start in gathering information and analyzing alternatives for your plan. You'll also find fresh perspectives on the practical application of key marketing concepts. No matter

what kind of marketing plan you're creating, these features can help you generate ideas and think about critical issues.

REAL-WORLD VIEW OF MARKETING PLANNING

What happened when Tropicana implemented a marketing plan to change its orange juice packaging (see Chapter 1)? How did Nintendo's marketing plan for the Wii help it outsell Sony's and Microsoft's video game consoles (Chapter 2)? Why would Hewlett-Packard and Xerox plan to price their laser printers and replacement ink cartridges so differently (Chapter 7)? How are the Centers for Disease Control using social media to spread the word about health matters (Chapter 9)? How does Procter & Gamble use metrics to evaluate marketing plan performance (Chapter 10)?

These and dozens of other new examples illustrate how marketing planning is actually conducted in consumer and business markets, in large and small companies, in traditional and online businesses, in U.S. and international firms, and in not-for-profit organizations. *The Marketing Plan Handbook* contains more than 100 examples of marketing in organizations such as the following: Amazon.com, Big Brothers Big Sisters of America, Costa Farms, Dell, Ericsson, Ford, Google, Harley-Davidson, IKEA, John Deere, Kogi Korean BBQ, Li & Fung, Merlin Entertainment, Nintendo, Procter & Gamble, ReCellular, Staples, Teletón, UNICEF, Verizon Wireless, Walmart, Xerox, and Zappos. In response to instructors' suggestions, most examples go into some detail to illustrate the diverse challenges and opportunities that marketers face in preparing a successful plan.

SPECIAL FEATURES HELP YOU LEARN TO PLAN

The Marketing Plan Handbook supports the hands-on development of imaginative yet realistic marketing plans through a series of special features.

Model of the Marketing Planning Process

So much goes into the making of a marketing plan . . . yet it's not always easy to see the big picture when you're working on the details. A new conceptual model, introduced in Chapter 1, guides you through the process and is repeated in all 10 chapters, to serve as a "you are here" organizing figure for the book. Use this model to visualize the connections between the steps and to focus on the three key outcomes of any marketing plan: to provide value, build relationships, and make a difference to stakeholders.

Sample Marketing Plan

What does a marketing plan look like? The appendix presents a sample plan for the SonicSuperphone, a multimedia, multifunction smartphone. This hypothetical sample plan, based on current conditions in the cell-phone market, illustrates the content and organization of a typical marketing plan. In particular, the plan demonstrates how a company might analyze market needs and trends, examine environmental factors, look at the competitive situation, and set objectives to be achieved. It also touches on segmentation, targeting, and positioning; the variety of marketing strategies and programs needed to launch a new product; and some of the metrics used in evaluating marketing performance.

Checklists

How can you be sure your plan covers all the basics? Checklists in every chapter summarize key areas to be examined during the planning process. Topics include the following:

- Understanding the big picture for marketing planning
- Analyzing the current marketing situation
- Analyzing markets and customers
- Identifying and evaluating market segments
- Setting marketing plan objectives
- Analyzing and planning product strategy
- Planning pricing strategy
- Channel and logistics issues
- Planning marketing communications
- Planning a marketing audit

Practical Planning Tips

What important points and pitfalls should you be aware of? Each chapter includes a number of special tips, shown in the margin, to help you make the transition from theory to application. These tips emphasize various practical aspects of planning and mention specific issues or questions to consider when developing a marketing plan.

Powerful PowerPoint Presentation

Created by John Newbold of Sam Houston University, the updated PowerPoint presentation is a powerful supplement to *The Marketing Plan Handbook*. Expanded content and eye-catching graphics make this a high-impact presentation package for instructors to download.

Online Features

Visit this book's Web site, www.prenhall.com/wood, for access to a variety of additional materials: a complete glossary in two convenient downloadable formats; hotlinks to selected online marketing resources; discussion questions for each chapter; an outline showing the main sections of a marketing plan; and faculty materials, including the updated PowerPoint presentation.

MARKETING PLAN PRO SIMPLIFIES PLANNING

Palo Alto Software's highly rated *Marketing Plan Pro* software, which comes bundled with this book, is a professional, user-friendly program for documenting marketing plans. The software includes an introductory video, help wizards, and other valuable features to guide you through the process of preparing a written plan, getting ready for implementation, and comparing actual results with projected results.

Marketing Plan Pro offers a structured plan format and dozens of spreadsheets, tables, and charts to help you organize and present data about your marketing decisions. It also includes sample marketing plans from a variety of organizations, including manufacturers, retailers, consulting firms, service businesses, and not-for-profit groups. Once your

marketing plan is complete, you can print it, translate it into a read-only document, export it to other programs, or export it to share with colleagues online.

ACKNOWLEDGMENTS

My sincere gratitude to the knowledgeable faculty reviewers who provided insightful feedback and suggestions for making this new edition even more valuable to students: David Andrus, Kansas State University; Cynthia Brooks, Cleveland State Community College; Valerie Ellis, Santa Barbara City College; Tom Gruen, University of Colorado–Colorado Springs; Talai Osmonbekov, Northern Arizona University; Jeff Periat, Auburn; Michelle Rai, Pacific Union College; Torsten Ringberg, University of Wisconsin, Milwaukee; J. Alexander Smith, Oklahoma City University; and Bob Veryzer, Rensselaer Polytechnic Institute.

Also, I deeply appreciate the comments and recommendations of the following reviewers, whose involvement helped to shape the first three editions of this text: Mel Albin, University of Maryland University College; Ismet Anitsal, Tennessee Tech University; Tim Becker, University of San Diego, University of Phoenix, Webster University; Cathleen Behan, Northern Virginia Community College; Normand Bergeron, Bristol Community College; Robert Blanchard, Salem State College; Brian Bourdeau, Auburn University; Michaelle Cameron, St. Edwards University; Ravi Chinta, American University of Sharjah; Yun Chu, Frostburg State University; Patricia Clarke, Boston College; Earl Clay, Bristol Community College; Greg Combs, Methodist College; Mary Conran, Temple University; Larry Crowson, University of Central Florida; Brent Cunningham, Jackson State University; Don Eckrich, Ithaca College; William Fillner, Hiram College; Douglas Friedman, Penn State Harrisburg; Ralph M. Gaedeke, California State University, Sacramento; Dennis E. Garrett, Marquette University; B. Christine Green, University of Texas at Austin; Tom Gruen, University of Colorado at Colorado Springs; James Hansen, University of Akron, John Carroll University; Harry Harmon, Central Missouri State University; Betty Jean Hebel, Madonna University; Jeffrey Heilbrunn, Columbia College of Missouri; David Hennessey, Babson College; James Hess, Ivy Tech Community College; Stacey Hills, Utah State University; Mahmood Hussain, San Francisco State University; Lynn Jahn, University of Iowa; Michelle Jones, NC State University College of Textiles; Kathleen Krentler, San Diego State University; Michelle Kunz, Morehead State University; Ron Lennon, Barry University; Ada Leung, University of Nebraska at Kearney; Nancy Lowd, Boston University; Terry Lowe, Heartland Community College; William Machanic, University of New Hampshire; Gordon McClung, Jacksonville University; Byron Menides, Worcester Polytechnic Institute; Margaret Mi, University of Mary Washington; Chip Miller, Drake University; Peter Mooney, Embry-Riddle Aeronautical University; Charlene Moser, Keller Graduate School of Management; Michael K. Mulford, Des Moines Area Community College; Keith Nickoloff, Rochester Institute of Technology; Ralitzia Nikolaeva, University of Wisconsin–Milwaukee; Bernadette Njoku, College of Saint Rose; Margaret O'Connor, Penn State Berks Campus; Carol Osborne, University of South Florida; Peggy Osborne, Morehead State University; Joseph Ouellette, Bryant University; Henry O. Pruden, Golden Gate University; Elizabeth Purinton, Marist College; Ruby Remley, Cabrini College; Scott D. Roberts, Northern Arizona University; Mark Rosenbaum, University of Hawaii, Northern Illinois University; Bennett Rudolph, Grand Valley State University; David Saliba,

Duquesne University; John Schibrowsky, University of Nevada, Las Vegas; Gary R. Schornack, University of Colorado, Denver; Camille Schuster, California State University San Marcos; Chris Shao, Midwestern State University; Annette Singleton, Florida A&M University; Allen Smith, Florida Atlantic University; Jim Stephens, Emporia State University; Bala Subramanian, Morgan State University; Michael J. Swenson, Brigham Young University; Ronald Thomas, Oakton Community College; Scott Thorne, Southeast Missouri State University; Beverly Venable, Columbus State University; Ven Venkatesan, University of Rhode Island; Edward Volchok, Stevens Institute of Technology; Kathleen Williamson, University of Houston-Clear Lake; Katherine Wilson, Johns Hopkins University; Wendy Wysocki, Monroe County Community College; and Mark Young, Winona State University.

I want to express my gratitude and my admiration for the talent and dedication of the outstanding professionals at Pearson Prentice Hall who have contributed so much to this book's success: Sally Yagan, Vice President and Editorial Director; Eric Svendsen, Editor in Chief; Melissa Sabella, Executive Editor; Patrice Jones, Director of Marketing; Anne Fahlgren, Marketing Manager; and the entire sales team. An extra-special, heartfelt "thank you" to Kierra Kashickey, Editorial Project Manager, who has been an absolute joy to work with. My thanks to Clara Bartunek for shepherding my manuscript through production with great skill and good cheer, and to Suzanne DeWorken for all her hard work on clearing permissions. Finally, a tip of the hat in appreciation to Tim Berry, Sabrina Parsons, and all the folks at Palo Alto Software who are responsible for *Marketing Plan Pro*.

This book is lovingly dedicated to the memory of my parents, Daisy and Harold Burk, who encouraged excellence in everything. Words on a page aren't adequate to convey what's in my heart as I thank my husband—the love of my life—Wally Wood; my beloved sister, Isabel Burk; and all the members of my fantastic extended family. A great big hug to the Biancolo, Burk, Goodwin, Hall, Mazzenga, Werner, and Wood families—you're the best!

—**Marian Burk Wood**

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For more about marketing, please visit her blog at <http://marketinghandbook.blogspot.com>.

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CHAPTER

1

Marketing Planning: New Urgency, New Possibilities

In this chapter:

Preview

Marketing Planning Today

Marketing and Value

The Purpose of Marketing Planning

Contents of a Marketing Plan

Developing a Marketing Plan

Research and Analyze the Current Situation

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Plan Direction, Objectives, and Marketing Support

Develop Marketing Strategies and Programs

Plan Metrics and Implementation Control

Preparing for Marketing Planning

Primary Marketing Tools

Supporting the Marketing Mix

Guiding Principles

Summary

Your Marketing Plan, Step by Step

PREVIEW

Despite the many forces altering the marketing environment at an unprecedented pace, marketing planning is far from obsolete. You saw, in the recent economic crisis, how quickly customers can change their buying habits and brand attachments. You've seen technology evolve in new and sometimes surprising directions, with the latest online phenomena—such as the YouTube video site and the microblogging site Twitter—taking the marketing spotlight from yesterday's tech darlings, such as the virtual world in Second Life.

You've seen competitors shake up the old order by entering and exiting markets at unexpected times and in unexpected ways. In the retail world, long-established chains such as Circuit City are going bankrupt at a record rate, while younger businesses such as Zappos add customers day by day. You've heard about customers creating personalized products and making commercials—some of which have even been aired during the Super Bowl, as well as on YouTube and beyond. Finally, you'll continue to see financial pressures and governmental actions having far-reaching, unpredictable effects on both buyers and sellers.

All of these complexities have brought a new urgency and new possibilities to the process of marketing planning. That's why, more than ever before, your success in marketing will depend on knowing how to research, develop, implement, revise, and evaluate a marketing plan that is creative, flexible, comprehensive, and—above all—practical.

In the first part of this chapter, you'll learn about marketing, value, the purpose of marketing planning, and the contents of a marketing plan. Next, you'll be introduced to the basic

steps in developing a marketing plan. The chapter closes with a look at how to prepare for marketing planning.



APPLYING YOUR KNOWLEDGE

Completing the questions in the “Your Marketing Plan, Step by Step” feature at the end of each chapter will help you (1) think through the information you’ll need for your marketing plan, (2) generate alternatives to consider, and (3) focus on the practicalities of marketing planning. Before you document your ideas using *Marketing Plan Pro* software or in a written marketing plan, be sure to look at each chapter’s summary checklist of key issues. This chapter’s checklist offers questions to help you gain perspective on the big picture for marketing planning.

CHAPTER 1 CHECKLIST The Big Picture for Marketing Planning

As you begin the marketing planning process, prepare yourself for the big picture:

- ✓ What sources of information will help me uncover, follow, and anticipate major developments affecting my product, customers, and competitors?
- ✓ What do the latest technological and social trends mean for marketing in general? For my industry and my product in particular?
- ✓ What global and legal changes are likely to help or hurt my product and marketing in the coming years?
- ✓ What lessons about marketing can I learn from existing products, campaigns, organizations, and leaders that will help my marketing plan?
- ✓ Which stakeholders are most important to the success of my marketing plan, and why?
- ✓ How can I get customers and employees to be more engaged with my brand and product?
- ✓ How can I use marketing to make a difference to my customers and organization?
- ✓ What value will I be providing to my customers, and how?
- ✓ What resources and experience do I have to support marketing?
- ✓ How can I generate new ideas and build on my knowledge and background to do a better job of marketing planning?

MARKETING PLANNING TODAY

Marketing planning has never been more important than it is today. Why? First, marketing is everywhere in our everyday world—at home, at work, at play, in the streets, in stores, and in all the media we see and hear. Marketing can be entertaining and informative, but it can also be irritating and intrusive. Still, businesses must fight simply to capture the customer’s attention before they can start to demonstrate the value they provide and, over time, gain customer trust. None of this will happen without careful planning.

Second, thanks to technology, global competition, and new media, customers have more information, more choices, higher expectations, more power, and more involvement with marketing than at any time in the past. *Citizen marketing* is the trend toward consumers becoming involved in marketing through such activities as making a commercial or video about a product, engaging in verbal word-of-mouth (or online word-of-mouse)

communications about a product, submitting product or label ideas to the marketing organization, and rating or reviewing a product online.

These days, a good product, brand, commercial, price, Web site, Facebook page, or store display is simply not good enough. This is where reputation really counts: Customers (and distributors) prefer to buy brands that have credibility and a positive image; they want to deal with organizations they trust. The public is increasingly demanding *transparency*, pushing organizations to be more open and honest about their decisions and activities—including their marketing.

Third, customers, employees, and other stakeholders are looking to organizations to make a difference (for instance, by improving quality of life or contributing to society at large). A company with a larger purpose can really stand out, even when competition is fierce and money is tight. Of course, building a great reputation requires meticulous planning, especially now that compliments and criticism can ricochet around the world in an instant through tweets, texts, e-mails, and blogs. Consider the success of Web-based retailer Zappos (see Exhibit 1.1).

Zappos. For the decade that Zappos has been selling shoes and then clothing and electronics online, the company has focused on giving customers the best possible experience. Unlike some Web-based merchants, Zappos gives customers the option of contacting the company by phone, e-mail, or live chat, because “the telephone is one of the best branding devices out there, if you get the interaction right,” says CEO Tony Hsieh. Shipping is free, and every purchase is backed by a one-year money-back guarantee. Despite the expense, the company keeps its warehouse open 24/7 and rewards loyal customers with faster shipping and other perks. Zappos’ playful TV ads play off the company’s “Powered by Service” tagline to showcase the customer focus.

Zappos has also earned a reputation for transparency. More than 400 of its employees use the microblogging service Twitter to share ideas and converse with customers and each other. Nearly 2 million people follow the CEO’s tweets. Another way Zappos stays in touch with its customers is by inviting them to post product reviews, good or bad, on its Web site. By emphasizing superior customer service and satisfaction, Zappos has pushed annual revenue above \$1 billion.¹

Marketing and Value

Zappos could not have prospered in the crowded and competitive retail industry without effective marketing. **Marketing**, as defined by the American Marketing Association, is “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” This definition emphasizes the importance of **value**, the difference between the perceived benefits received (to satisfy a want or need) and the perceived total price. The way a company prospers is by providing value through satisfying customers’ needs.

Thus, effective marketing covers everything the company is and does to consistently provide value to win customers and earn their ongoing loyalty, as Zappos has worked hard to do over the past decade. Every day brings new decisions about using marketing to profitably acquire, retain, and satisfy customers in a competitively superior way. Online

PLANNING TIP

Marketing is all about creating, communicating, delivering, and exchanging offerings that provide value.