Section 3.3
Developing A Marketing Plan

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Section Summary

• Analyze strengths, weaknesses, opportunities and threats

• Research customers, costs and competition

• Develop the marketing mix using product, price, place and promotion
Strategic Marketing Plan

- Strength
  - COSTS
- Weakness
  - CUSTOMER
  - RESEARCH
  - FINAL STRATEGY
- Opportunity
  - COMPETITION
- Threat
  - Product
  - Price
  - Promotion
  - Place
Marketing Component

• Focus on strength, weakness, opportunity and threat (SWOT) analysis of your three Cs:
  ▶ Customers
  ▶ Costs
  ▶ Competition

• Market research on marketing mix:
  ▶ Product
  ▶ Price
  ▶ Place
  ▶ Promotion
SWOT Analysis

Strengths = Opportunities
Weaknesses = Threats

- Analyze:
  - Company perspective
  - Competition’s perspective
  - What can be emulated or learned?
Examples Of Business Strengths

- Good management
- Efficient business organization
- High employee satisfaction
- Excellent financial records
- Facilities in new or good condition
- Using current technology and information
- Using successful marketing techniques
Examples Of Business Weaknesses

• Poor management
• Lack of communication between staff and management - disorganization
• High employee turnover
• Poor facilities
• Using out-dated technology
• Poor financial records
Examples Of Market Opportunities

- Market trends, change in consumer tastes and preferences
- Available federal grant money
- Research proving the health benefits of a certain product you raise
- Zero to slight competition from others in your region
Examples Of Market Threats

• Research indicating product is no longer safe for consumers’ health

• New entrants into the market (i.e., supermarkets selling own brand of “organic beef”)

• Existence of substitute products, or the inability to truly differentiate your product from others
SWOT Analysis: Your Company

• What does your company do very well? What are your company’s weak areas?

• Where is your company most competitive?
  ▶ Why?
  ▶ What’s the difference between your product and others?
  ▶ What services or attributes set you apart?
Your Company

• Where is your company now?
• Where does your company want to be?
• What must be done to achieve this?
• What is the timeframe?
• What are the obstacles?
• What resources are required for success?
• How is success measured?
SWOT Analysis: The Competition

- Where is the competition?
- Where are they trying to go?
- What is their plan of action?
- What are their perceived obstacles?
- What timeframe will they use?
- How can you measure their success?
- What can you emulate?
The Three Cs Of Marketing

1. Customer
2. Costs
3. Competition
1. The Customer

- What unique value does your product bring?

- Who are your customers/clients? Describe them.
  - Demographics: age, gender, income, etc.
  - Psychographics: buying patterns

- Where do you find your customers?
1. The Customer

- How do you reach your customers?
- What motivates your customers?
- How do people satisfy the need for your product right now?
- Who is there to satisfy the need for your product right now – your competition?
2. Your Costs

- Know variable costs of producing your product
- Realize there are fixed costs that must be paid, whether you produce your product or not
- Use variable and fixed costs to calculate the break-even point where costs are covered without profit
- Compare break-even with industry standards
- Financial analysis:
  - Given the numbers and value perceived by the customer, can you feasibly go into production?
3. The Competition

- From SWOT analysis, assess your business’ strengths and weaknesses compared to your competitor’s.
- Emulate your competition’s strengths and overcome their weaknesses.
- Differentiate your product so the competition’s product is not substitutable.
The Marketing Mix

PRODUCT → PRICE → PROMOTION → PLACE
Marketing

Product
  Advertising

Price
  Personal Selling

Place
  Sales Incentives

Promotions
  Public Relations & Publicity
1. Product

Goods that satisfy the needs of a target market should have the following characteristics:

- Physical features (design and packaging)
- Branding and image/personality
- Degree of customer service
- Consistent quality and supply
- Pricing to cover costs & generate required margins or returns
1. Product

Product characteristics, continued:

- Cuts the consumer wants (steak, hamburger, jerky, value-added entrée, etc.)
- Fresh, frozen, prepared
- Form purchased versus live cut up (1/4 beef)
- Inspection requirements
2. Price

- Set prices based on:
  - Value-based pricing (match price to perceived value by customer, brand loyalty, customer-oriented price)
  - Competition-based pricing (match prices to similar products of your competition)
  - Cost-based pricing (set price dependent upon production costs)

- Use discounts or incentives to boost sales
3. Place – Distribution Channel

- Where customers purchase product
- Product must be at the right place, at the right time, in order to sell & provide profit to producer
- Channels include:
  - Direct sales, internet sales, broker or distributor
- Determine customer service level by your firm
Risk / Return Tradeoff – Direct Sales

• Farmers market:
  ▶ Revenues direct to producer
  ▶ Target market & growth potential are small

• Mail order:
  ▶ Revenues direct to producer
  ▶ Greater chance of shipping problems like spoilage
Risk / Return Tradeoff – Direct Sales

• Internet sales:
  ▶ Increases accessibility to product for new and current customers
  ▶ Lower transaction costs (fewer labor hours)
  ▶ Requires a lot of planning & attention to detail
  ▶ Need well-designed Web site to promote product & draw customers
  ▶ Must maximize value of customer’s business to get repeat purchases
  ▶ Need to maintain Web site & keep current
Risk / Return Tradeoff – Broker/Distributor

• Broker:
  ▶ Agent may increase sales and access to retail market
  ▶ Fewer revenues to the producer

• Distributor:
  ▶ Increases access to more markets
  ▶ May also distribute competing products
Issues In Establishing A Distributor Relationship

- **Product viability**: must assure the product will benefit distributor, retailer or restaurateur
- **Market research**: inform distributor where your product fits in marketplace; emphasize uniqueness or appeal
- **Costs**: average of $0.25-0.30 is spent on marketing for each dollar of expected sales
- **Fit**: choose a distributor who carries complementary product lines; visit stores they service
4. Promotion

- Includes advertising, public relations & sales promotions
- Influences attitudes & buying behaviors of customers in a target market
- Should encourage product purchase & market expansion
- Effective if you have a product consumers want
- Important for positioning a product in the market
Promotional Objectives

• Stimulate sales
• Differentiate product offerings in varying markets
• Share information
• Accentuate value of product
• Stabilize seasonal demand

Promotional Methods

- Advertising: newspaper, television, magazine, radio, Internet, billboard
  - Does your business have a unique story?
- Public relations: community service or events
- Sales promotions: point-of-purchase displays, trade shows, exhibitions and demonstrations (free samples)
- Word of mouth

When Promoting Your Product...

- Determine desired message you want your customers to have about your product

- Set goals promotion will accomplish - either public relations for your business or increasing product sales

- Design a budget for promotional expenses; determine which promotional strategies will fit your budget and goals
