

# CHAPTER 2

## Chapter Overview

### INTRODUCE THE CHAPTER

Chapter 2 focuses on SWOT analysis and its place in the marketing plan. The text then discusses the overall marketing plan and then market segmentation, the key to any successful marketing effort.

### BUILD BACKGROUND

Ask students to obtain driving directions between their school and a local attraction or another school. Ask them to mark the route on a roadmap. Ask the class the advantages of this kind of planning, such as that it reduces the chances of getting lost or being late. Draw a comparison between the driving directions or roadmap the importance of a marketing plan.

### EXPLORE THE PHOTO

**Market Talk** Point out that the group pictured in the photograph could be considered a target market for a certain product or idea. Ask students how this market might be further broken down into even smaller components.

**Quick Think** Students may suggest that they can research this market by looking at media directed to or about the target market, administering and analyzing surveys, and observing and interviewing individuals in the target market.

**Follow Up** Have students brainstorm and suggest ideas, goods, and services that might appeal to the target market displayed in the photograph.

### REVIEW THE OBJECTIVES

**Conduct** a SWOT analysis. The acronym for strengths, weaknesses, opportunities and threats. This assessment lists and analyzes the company's strengths and weaknesses. It also includes the opportunities and threats that surround it. This analysis lists everything that can foster the business' success and what could make it fail.

# CHAPTER 2

## The Marketing Plan

### Chapter Objectives

After reading this chapter, you should be able to:

- Conduct a SWOT analysis
- List the three key areas of an internal company analysis
- Identify the factors in an environmental scan
- Explain the basic elements of a marketing plan
- Explain the concept of market segmentation
- Analyze a target market
- Differentiate between mass marketing and market segmentation

### EXPLORE THE PHOTO

**Market Talk** Marketers understand that for a product to be successful, they first need to find out who needs the product or has an interest in it. Marketers must determine their potential customers among diverse groups of people.

**Quick Think** There are more than 25 million teenagers in the U.S. They spend \$180 billion each year. Many have regular jobs and weekly income. List three ways to research this market.

24 UNIT 1 — THE WORLD OF MARKETING

AP/Wide World Photos

List the three key areas of an internal company analysis. Questions that are part of a company's internal analysis are about what a company does well and what areas are weak. This includes staff, management, financial situation, production capabilities, product, promotion, place, and pricing. Identify the factors in an environmental scan. an analysis of outside influences that may have an impact on an organization Explain the basic elements of a marketing plan. Basic elements include an executive summary, a situation analysis, marketing goals/objectives, marketing strategies, and implementation as well as a system for evaluation and control.

Explain the concept of market segmentation. the process of classifying people who form a given market into even smaller groups Analyze a target market. The same factors that help segment a market are used to describe a target market. They are: demographics, geographics, psychographics, and behavioral factors. Differentiate between mass marketing and market segmentation. Mass marketing involves using a single marketing strategy to reach all customers. Market segmentation or niche marketing means that markets are narrowed down and defined with extreme precision.





**DECA Events** These acronyms represent DECA competitive events that involve concepts in this chapter:

<b>AAM</b>	<b>BMDM*</b>	<b>HLM*</b>	<b>RFSM*</b>
<b>ASM</b>	<b>FMAL</b>	<b>HMDM*</b>	<b>SEM</b>
<b>ADC</b>	<b>FMML*</b>	<b>MMS*</b>	<b>SMDM</b>
<b>BSM</b>	<b>EMDM*</b>	<b>QSRM*</b>	<b>TMDM*</b>

**Performance Indicators** The performance indicators represent key skills and knowledge. Relating them to the concepts in this chapter is your key to success in DECA competitive events. Keep this in mind as you read, and write notes when you find material that helps you master a key skill. In these DECA competitive events, you should follow these performance indicators:

- Explain the nature of marketing plans.
- Explain the role of situational analysis in the marketing-planning process.
- Explain the nature of marketing planning.
- Explain the nature of sales forecasts.
- Describe techniques for processing marketing information.
- Conduct an environmental scan to obtain business information.

The events with an asterisk (\*) also include:

- Conduct SWOT analysis for use in marketing planning process.
- Identify market segments.
- Conduct marketing audits.
- Describe measures used to control marketing planning.
- Monitor and evaluate performance of marketing plan.

**DECA PREP**

**ROLE PLAY** Check your understanding of DECA performance indicators with the DECA activity in this chapter's review. For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

Discuss the performance indicators for the DECA events listed, so that students understand how to demonstrate their understanding.

The event acronyms stand for:

- AAM:** Apparel and Accessories Marketing Series
- ADC:** Advertising Campaign Event
- ASM:** Automotive Services Marketing Series
- BSM:** Business Services Marketing Series
- EMDM:** E-Commerce Management Team Decision Making Event
- FMAL:** Food Marketing Series, AL
- FMDM:** Financial Analysis Management Team Decision Making Event
- FMML:** Food Marketing Series, ML
- FSRM:** Full Service Restaurant Management Series
- HMDM:** Hospitality Services Management Team Decision Making Event
- HRR:** Hospitality and Recreation Marketing Research Event
- MMS:** Marketing Management Series
- QSRM:** Quick Serve Restaurant Management Series
- RFSM:** Restaurant and Food Service Management Series
- RMS:** Retail Merchandising Series
- SEM:** Sports and Entertainment Marketing Series
- SMDM:** Sports and Entertainment Marketing Management Team Decision Making Event
- TMDM:** Travel and Tourism Marketing Management Team Decision Making Event
- TSE:** Technical Sales Event

**DECA PREP**

Find timed DECA Prep activities correlated to the Competitive Events Workbook for students and DECA tips for teachers at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

**CHAPTER 2 Classroom Resources**

**For the Teacher**

- TeacherWorks™ Plus
- Teacher Resources at [glencoe.com](http://glencoe.com)
- Interactive Chalkboard
- ExamView® Assessment Suite
- Fast File Unit 1

**For the Student**

- **Marketing Essentials** Online Edition
- Student Activity Workbook
- Marketing Math Workbook
- Marketing Research Project Workbook
- School-to-Career Activity Workbook
- Competitive Events Workbook
- *BusinessWeek* Reader with Case Studies
- Interactive Student Edition
- Student Resources at [glencoe.com](http://glencoe.com)

## FOCUS

## BELLRINGER ACTIVITY

Have students work in small groups to brainstorm and list companies that they consider successful. Have groups share lists with the rest of the class. Ask: Have any companies been listed more than once? Do any dominate? Why did students make the choices they did? Point out that now the students are learning to think like marketers. Explain that there are formal means by which businesses can evaluate themselves and use the information as part of a marketing plan, a roadmap for all their business efforts.

## Preteaching

## VOCABULARY

**KEY TERMS** Assign two of the key terms to each of four students. Have each student find the two words in context and read definitions to classmates.

**ELL** Have students write the key terms in their own language first, then in English.

**ACADEMIC VOCABULARY** Refer students to the OLC through [glencoe.com](http://glencoe.com) for the Academic Vocabulary Glossary before they read the section.

## GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

NCLB

NCLB connects academic correlations to book content.

## Marketing Planning

## READING GUIDE

## BEFORE YOU READ

**Connect** You want to have a magazine sale to raise \$500 for your school. How would you organize it?

## OBJECTIVES

- Conduct a SWOT analysis
- List the three key areas of an internal company analysis
- Identify the factors in an environmental scan
- Explain the basic elements of a marketing plan

## KEY TERMS

- SWOT analysis
- environmental scan
- marketing plan
- executive summary
- situation analysis
- marketing strategy
- sales forecasts
- performance standard

## ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- factor
- technology

## THE MAIN IDEA

A company looks at itself and the world around it to create a marketing plan for reaching goals.

## GRAPHIC ORGANIZER

Draw an outline to identify the steps of a marketing plan.

Elements of a Marketing Plan	
I.	Executive summary
II.	Situation analysis
III.	
IV.	
V.	

Go to the OLC through [glencoe.com](http://glencoe.com) for printable graphic organizers, Academic Vocabulary definitions, and more.

## ACADEMIC STANDARDS

## English Language Arts

NCTE 1 Read texts to acquire new information.

## Social Studies

NCSS 7 Production, Distribution, and Consumption: how people organize for the production, distribution, and consumption of goods and services

## AS YOU READ

**Connect** Conduct a SWOT analysis on yourself. List your strengths and weaknesses. List opportunities and threats that may impact your goals.

## SWOT Analysis

Good marketing relies on good plans. A company's planning efforts begin with a critical look at itself and its business environment, or the market in which it operates. This assessment lists and analyzes the company's strengths and weaknesses. It also includes the opportunities and the threats that surround it. In other words, this analysis lists everything that can foster the business's success and what could make it fail. The acronym

## READING GUIDE

## BEFORE YOU READ

Work as a class to create a plan. Consider who will buy the subscriptions, the price of them, the percentage the school will receive from each sale, the number of orders necessary to reach the goal, and record-keeping.

## D Develop Concepts

## THE MAIN IDEA

Point out that a company uses information about the world around it to make a marketing plan.

## AS YOU READ

Help students perform their SWOT analyses by developing a sample analysis.

## TEACH

## Discussion Starter

## INTERNAL STRENGTHS AND WEAKNESSES

Ask students to discuss why an organization might hire an outside company to perform analysis to best determine strengths and weaknesses. *Answers might include because a third party can be more objective.*

R Reading Strategy  
Guided Practice

**Analysis Words** Give students the following list of words: *external, weaknesses, opportunities, strengths, internal, threats*. Point out that the words on the list can be divided into pairs, each pair a word and its opposite in meaning. Have the students study the list, form these pairs, and be prepared to explain their choices. *strengths, weaknesses; internal, external; opportunities, threats*

S Skill Practice  
Independent Practice

**SWOT Analysis** Ask students to begin to perform a basic company analysis for the company or organization of their choice. Encourage students to use the Internet, school or public libraries, periodicals, and other resources to identify a business and to try to answer some of the questions about staff, production, and the marketing mix.

for strengths, weaknesses, opportunities, and threats is also the name of this process: **SWOT analysis**.

This internal and external awareness will help a business identify weaknesses and prepare to handle threats such as competition or a changing marketplace. An accurate analysis also will help a company be more competitive because it provides guidance and direction. The company will develop strategies around the SWOT analysis.

## Internal Strengths and Weaknesses

Strengths and weaknesses are both internal **factors** that affect a business operation. The internal analysis centers around three Cs: company, customers, and competition. It is important to review these factors objectively and fairly. For this reason, some firms bring in outside consultants to conduct this analysis.

## Company Analysis

Questions that are part of a company's internal analysis are about what a company does well and what areas are weak. This includes a review of the staff (both management and other personnel), the company's financial situation, its production capabilities, and each aspect of the marketing mix (product, promotion, place, and pricing). Here are a few sample questions that could be used as part of a company analysis:

## Staff-Related Questions

- What is the company's mission statement? Does everyone know it? Is everyone on staff following it?
- How experienced are the company executives? What have they accomplished?
- Does the company have too much or not enough staff in each area to provide the quality of service it should? Should staff be re-assigned?
- What is the quality of the staff? Are there formal training and assessment programs?
- How effective is its sales force?

## Financial Questions

- Has the company been profitable? In which areas and why?
- Are there enough financial resources to achieve the company's goals?
- What is the company's sales history? Are sales increasing or decreasing?

## Production Capability Questions

- How are adjustments made in production due to an increase or decrease in sales orders?
- Has the research and development (R & D) department created successful new products?
- What percentage of sales come from products that are five years or older?
- What changes in technology are required to remain competitive?

## Marketing Mix (Four Ps) Questions

## Product

- What new products have been successful and why?
- Does the company own a patent on any of those products?
- Are any patents expiring in the future?

## Price

- What are the present pricing strategies?
- Are the pricing strategies working?

## Promotion

- How is the company positioned in the marketplace?
- What are the promotional strategies and have they been successful?
- What is the company's reputation and image among consumers?

## Place

- Do products easily reach customers?
- Who helps the company with distribution?

The answers to these questions might reveal such strengths (or core competencies) as talented and well-trained employees, quality workmanship, and excellent service records.



## Extended Activity

## Debating Pros and Cons

Have students brainstorm business situations in which a threat could also be considered an opportunity. How might the threat help a company? Ask if marketers could "sell" a disadvantage to customers. Encourage students to share their ideas.

## TEACH CONTINUED

## S Skill Practice

### Independent Practice

**Customer Profiles** Ask students to select an ad. You can ask students to research ads on their own or provide some in class. Students can also use the ads provided in their textbook. Have students construct a customer profile for the ad they selected.

## R Reading Strategy

**Analyze Words** Preview the following term by reading it in context. Ask students to provide a short definition or synonym.

- segment **part or portion**

## Online Activity

### Online Inventory

Internet companies sell millions of items per year and offer an amazing array of goods. Tell students that recent purchases from these companies by one individual include a used textbook on English grammar, a cashmere shawl, an omelet pan, and a small square of fabric advertised as a piece of a religious burial shroud. Few of these companies maintain huge warehouses full of inventory. Interested students might work in small groups to research how the company determines the needs of its customers, how orders are placed, how they are filled, and how products get to the customer. Allow time for groups to share findings.

## Case Study

### Amazon.com

Amazon.com was one of the first online discount book retailers, and it enjoys a positive reputation and excellent name recognition. After being in business for seven years, it finally made a profit in 2001. Some of its strengths at that time included an increase in sales outside North America. In mid-2004, sales at sites outside the United States rose 50 percent to \$595 million. They climbed 13 percent to \$792 million in the United States. In 2004, Amazon agreed to buy Joyo.com, China's largest online retailer of books, music, and videos, to gain access to the world's second-biggest Internet market in terms of users. By 2007, Amazon's North American sales jumped to more than \$2.2 billion. Amazon expects sales from foreign sites in China, Canada, France, Germany, and Great Britain to surpass U.S. sales in the future.

### Amazon's Other Strengths

Other strengths were: expanded product selections (electronics, apparel, toys, and more) and successful pricing strategies, which included discounted prices and free shipping for orders over \$25. However, this very same pricing strategy was also considered a weakness because it produced low gross profit margins. (Gross profit margin is the percentage of sales revenue left after paying for the cost of the goods or services sold.)



## THINK STRATEGICALLY

What strategies do you think Amazon.com should adopt to capitalize on its strengths?

### @ Online Action!

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to find a research project on companies' strengths and weaknesses.

### Customer Analysis

Customers are a great source of information. Studying their buying habits may reveal patterns that offer insights into product offerings and pricing strategies. Here are a few questions that help in the analysis of customers.

S

- Who are the customers?
- How do groups of customers differ from one another?
- What, when, where, and how much do they buy?

- How do customers rate the company on quality, service, and value?
- How satisfied is each customer segment?
- What customer segments are not having their needs met?
- Is your customer base increasing or decreasing? Why?

R

Catalog companies use database technology to see buying patterns, which allow them to produce interest-specific catalogs. Companies with this **technology** and know-how

## Case Study

### Amazon.com

**Discussion** Point out that many marketers make profits by selling relatively few higher-priced items at a large profit, but a profit also can be made by selling a greater quantity of items that are cheaper to produce and sell at a lower price. Ask the class to come up with other examples of products that decrease in price the less costly they become to produce.

## THINK STRATEGICALLY

**Answer:** Students may suggest that Amazon should continue its efforts to keep prices low, to offer perks like free shipping, and to make its range of merchandise broader still while serving the larger world market that resulted from acquiring the huge Joyo.com and other foreign companies.

### @ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

## TEACH CONTINUED

have a major advantage over their competitors because they can structure their product selection, pricing, and promotional messages to very specific targeted audiences.

To monitor customer satisfaction, many firms ask customers to complete a questionnaire or some form of survey after making a purchase. Data from this research helps companies pinpoint areas that need improvement.

Monitoring customer satisfaction reveals both strengths and weaknesses. Take, for example, the case of an eye doctor. Suppose that a strength is the amount of personal attention the doctor gives each patient. Patients report that the doctor spends a lot of time answering their questions. This strength also creates a weakness: complaints about the time patients spend in the eye doctor's waiting room. The solution seems

simple: schedule fewer patients in a given time period so there is less overlap. This poses another problem that may generate complaints from patients wishing to make appointments. Under that new policy, patients might have to wait two weeks or more before they can get an appointment. So, what appeared to be a quick and easy solution is not so simple.

#### Competitive Position

A company may find that it has certain strengths and weaknesses when compared to its competitors. A company's market share may be greater than its competitors', which would be a major strength. If a company loses market share to its competitors, it would be a weakness. Questions that help a company analyze its internal competitive position are:

C

D



- **COMPARE and CONTRAST** UPS, the United States Postal Service, and DHL all compete in the same market and provide similar services.

*What do they do to keep or increase their market share?*

## C Critical Thinking Independent Practice

### Measuring Customer Satisfaction

Ask interested students to find online sites or surveys that rate products or services. Have students predict how companies can use the information and feedback generated on these sites in formulating their own marketing plan. Encourage students to find and print out an online consumer survey directed to their age group or demographic and share it with the class. Be sure to caution students against submitting their personal e-mail information over the internet.

## D Develop Concepts Guided Practice

**Competition** After students have read the section on competition, ask them to consider how studying competitors is an important part of creating a marketing plan. *Studying competitors allows companies to generate comparisons and goals in relation to their market and their competitors. Analyzing how a competitor approaches the market can help companies determine what approaches to take in their own marketing plan.*

**Clarify** Point out that market share is a tool that can be used to identify competitors and set quantifiable goals in a marketing plan.

## AD GUIDE

### • COMPARE and CONTRAST

**Discussion** Lead a discussion on which of these ads students find to be most effective, and why.

**Caption Answer** DHL stresses how, being newer, it must work harder and offer more services than any other company; and USPS promises ease of use and familiarity; UPS implies that using its service simplifies complex business tasks.

#### Follow Up

Walk the students through analysis of the USPS ad, asking what is implied by the statement at the top of the ad (possible answer: that USPS has taken all the hassle out of shipping).

**D** Develop Concepts

## Guided Practice

**Environmental Scan** After students have read this section, ask them to consider the word *environment*. Have them brainstorm what the word makes them think of. Many students will mention physical or concrete surroundings. Tell students that in the same way that they are sensitive to their physical surroundings, marketers need to be sensitive to their business environment. Ask them to list components of an environmental scan. **political, economic, socio-cultural, and technological surroundings**

**W** Writing Support

**Researching Spam** Ask students who are interested in Internet marketing to research changes in legislation regarding e-mail spam. Have students share the results of their research in class, or use a word processing program to summarize their findings in a one-page report.

**S** Skill Practice

## Guided Practice

**Understanding Economic Influences**

Ask students to research and report on their local or state economies. Encourage students to use the library, newspapers, magazines, and online resources in their research. Have students summarize what they learned about their economy in a one-page report and moderate a discussion in class to determine if students have a basic understanding of how economic criteria such as employment rate and economic growth or slowing are considered when making marketing plans.

- What is the company's market share?
- What advantages does the company have over its competitors?
- What core competencies does the company possess? Does it have a better reputation, own a patent, have special resources, or better distribution capabilities?
- Are competitors taking business away from the company? How? New products? Better promotion?

**External Opportunities and Threats**

Companies must always look for opportunities to create competitive advantage due to external factors.

**Competition**

To stay competitive, companies need to know what their competitors are doing at all times. Changes in a competitor's financial situation and problems in the marketplace can provide opportunities. For example, Smart & Final, a discount supermarket chain based in the western United States, enjoyed increased customer traffic and increased sales when a labor strike crippled three competitors (Vons, Ralphs, and Albertsons) in 2004. The obvious weakness of Vons, Ralphs, and Albertsons (their inability to end the strike quickly) opened the door for competitors to take business away from them.

Companies that conduct a SWOT analysis on an ongoing basis are in a better position to react and make adjustments to their marketing mix. To assist in this process, companies must continually scan the external environment.

**Environmental Scan**

An **environmental scan** is an analysis of outside influences that may have an impact on an organization. This is a methodical look at the world that typically includes four areas: political, economic, socio-cultural, and technological (sometimes referred to with the acronym PEST). Understanding how each of these areas is changing or is likely to change in

the future can lead to a better appreciation of potential opportunities or threats for the firm. An alert business owner may use a change in one of these four aspects as an opportunity to be first to market products customers want.

**Political**

Political issues center around government involvement in business operations. Companies must be alert to changes in laws and regulations that affect their industries. Global companies need to understand the political structure and regulations of each foreign country in which they conduct business. To assess potential political risks and new opportunities, it is important to see what changes are likely in the laws governing your business operation, as they will have an impact on marketing plans. Here are a few examples of issues and current regulations that may affect certain industries in a positive way (opportunity) or in a negative way (threat):

- **Do Not Call Registry** The U.S. government passed this legislation in 2003. It requires telemarketers to drop from their lists home and cell phone numbers of registered consumers. This regulation forced many businesses to rethink their marketing strategies. Telemarketing companies had to adjust data files to comply with the law.
- **Downloading Music from the Internet** The problem of illegal downloading of music created an industry of online companies that provide legal downloading of music for a fee. This industry may hurt music stores but has become an opportunity for Apple's iTunes, RealNetworks' RealRhapsody, Roxio's Napster, and Wal-Mart's Music Downloads.

**Economic**

The current state of the economy is of interest to all businesses: If the economy is robust, businesses are more likely to invest in new products and markets. An economy that is in a recession or slowing down sends a completely different message to the company's

**Extended Activity****Political Issues and the Market**

Have students who are interested in how politics affects marketing to do further research on this topic. For example, students might research how local or national laws have affected commerce. Have researchers orally report their findings to the rest of the class. Encourage students to provide examples of this kind of technological change.

## TEACH CONTINUED



**“Out of nowhere, there was a voice and she said help was on the way.”**

In the moments after the crash, Michelle Creeger heard two scared little voices. And one reassuring one. On their way to the hospital, the Creegers' minivan hit a slick spot on a two-lane highway, plunged down an embankment and skidded over a rim, splintering the air bags and landing in a steep ditch filled with water.

Critically injured, Michelle drifted in and out of consciousness. Four-year-old Evan was still inside the vehicle, while two-year-old Jacob got out of his child safety seat and was crawling through the ditch.

#### • KNOWING YOUR MARKET

General Motors, one of the largest auto manufacturers in the United States, has added a navigation and emergency assistance system to some of its cars.

*How may this technology affect auto companies?*

## U Universal Access

### Students with Learning

**Disabilities** Students with learning disabilities may require additional guidelines or study aids to get the most out of text material. You may wish to make audio recordings for students who find written text difficult to use. Establish a relaxed reading pace, and use a bell or clicker to signal page turns. Elicit the help of classmates who have clear voices.

## S Skill Practice

### Guided Practice

#### Exploring Socio-Cultural

**Change** Have interested students research or create an example of a marketing survey that seeks to determine the attitudes of consumers toward a product, service, or idea. Give the example of a political survey as a type of survey that is used to determine the attitude of citizens or consumers toward an idea, such as a school bond measure that would be funded by a tax on a certain product. Encourage students to share the results of their research in class.

decision makers. Upcoming marketing programs may be altered or scrapped altogether in a weak economy. Factors, such as the unemployment rate, inflation, retail sales figures, productivity, and consumer confidence, are tools to estimate the current status of the economy. The value of the dollar in relation to foreign currencies affects imports and exports. Here are some economic factors marketers would consider opportunities or threats:

- An economy in recession poses a threat to nearly all companies. Most companies slow or stop plans for new facilities and often reduce research and development (R&D) efforts.
- If unemployment figures decrease and consumer confidence increases, companies may see an opportunity to grow their businesses.
- Changes in foreign currency rates could be seen as a threat or an opportunity

depending on whether this makes the company's products or services cheaper or more expensive in their foreign target market.

- Illegal dumping (selling imported products at a very low price) in a given market is a threat to all businesses in that industry.
- Changes in trade restrictions, such as lowering or raising tariffs (taxes) on imported goods, could be considered a threat or an opportunity, depending on where a company does business.

#### Socio-Cultural

A socio-cultural analysis is based on customers and potential customers. Changes in their attitudes, lifestyles, and opinions provide a multitude of opportunities and threats. Socio-cultural analysis covers changes in all demographic factors, such as age, income, occupation, education level, and marital status. Here are two examples.



## Virtual Business

Introduce staffing to students using Knowledge Matters' Virtual Business Retailing visual simulation, *Staffing*. In this simulation, students learn how staffing levels affect customer satisfaction and profitability.

## AD GUIDE

### • KNOWING YOUR MARKET

**Discussion** Ask students to consider what emotions are being appealed to in this ad. Students may mention the fears connected with a serious auto accident, the responsibility of caring for the young, the fear of being helpless.

**Caption Answer** This technology encourages companies to integrate it into existing products to fulfill customer needs. Auto companies that offer the OnStar option can consider it a strength. They can pose a threat to competitors. The competitors might decide to develop their own, similar technology, or pay OnStar to use the service.

**Follow Up** Ask for opinions about the ad and the approach it takes. Responses will differ, but many students may feel manipulated or refer to the approach as a scare tactic. Ask students to suggest other ads that appeal to human fears or weaknesses.



## TEACH CONTINUED

**D** Develop Concepts

## Guided Practice

**Technological Change** After students have read the section on changes in an environmental scan, ask them to consider how the speed at which technology changes might affect the other aspects of a marketing plan. Encourage students to give examples of this kind of technological change. **The speed at which technology changes affects the speed by which those products must be promoted, advertised, and sold. Examples will vary but might include new software programs and applications.**

**Explain** Point out to students that evaluating technological change means that companies must determine whether new technologies can be used against them or for them, as well as innovating technology for their business itself.

- The United States is becoming a more ethnically and racially diverse country. Marketing plans need to meet this change. For example, in the area of home buying, minority consumers are expected to account for more than half of all new home purchases by 2012.
- Obesity is an issue in the United States, as it causes many health problems. Consumer advocates for healthier eating habits have criticized fast-food chains.

**Technological**

Changing technology may be a threat for one industry or company, but an opportunity for others. A perfect example is digital photography. To be competitive, traditional photo companies like Kodak are looking for ways to adapt to this new technology. Camera companies are making more digital cameras. Other companies are seizing the opportunity to capitalize on this new technology by developing products to support it. Printer companies like Epson and Hewlett-Packard have developed products to make it easy for

consumers to print their own digital photographs. Companies that keep abreast of the newest technological breakthroughs can use that knowledge to be more competitive. Here are a few examples:

- **Computer Automation** The home of the future may be completely automated. You may be able to call from your cell phone to change your thermostat so your home is warm when you arrive.
- **Satellite Technology** Cars offer satellite radio and navigation systems that direct you to your destinations, as well as SOS systems, such as OnStar, that can help you in an emergency.

**Writing a Marketing Plan**

Marketing is a complicated activity that relies on many different tasks. For this reason, marketers create a marketing plan. A **marketing plan** is a formal, written document that directs a company's activities for a specific period of time. It details analysis and

**NET MARKETING****Take Me Out to the Webcast**

Major League Baseball (MLB) bet that fans would pay to see games on their PCs. Distribution deals worth a combined \$49 million were announced in March 2004 with Internet service providers AOL and MSN to stream live games and highlights over the Web. The league also signed marketing deals with three cable operators (Charter, Cablevision, and Comcast) to attract cable customers to more than 240 games a month. Today fans can subscribe to MLB.TV to watch every regular season, out-of-market game. There is a big market. Broadband subscribers in the United States will grow from 27 million in 2004 to 71 million in 2010, says Forrester Research. Plus, the success of streamed college basketball games on AOL suggests that people might be ready to log on rather than tune in to sports.

**THINK LIKE A MARKETER**

Which age group is most likely to be interested in this way of viewing baseball games? Explain why.

**@ Online Action!**

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to find a research project on technology and growth opportunities.

**NET MARKETING****Take Me Out to the Webcast**

**Discussion** Lead a discussion by asking students to consider which markets are most and least likely to respond to Webcasts.

**THINK LIKE A MARKETER** Answer: Students may suggest that teenagers to those in their early twenties would be most interested in this way of viewing games. Reasons might include the fact that this group is comfortable with and has access to technology.

**@ Online Action!**

For instructions, ideas, and answer guide, go to the Teacher Center of the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

## TEACH CONTINUED

## GLOBAL MARKET

## The Tesco Strategy

The British supermarket chain Tesco is aiming for long-term growth. It is best known as a grocery store, but it sees its future as something much bigger than the four food groups.

**Expand and Diversify** Tesco expanded even more into international markets, such as China, Japan, Turkey, Poland, Hungary, the Czech Republic, and the United States in 2007.

At the end of the 2003/2004 fiscal year, about half of its stores were outside the United Kingdom. The company says it is now the world's biggest online grocery store.

Tesco has also started stocking non-food products, including consumer electronics and housewares. It sells financial services, such as mortgages, insurance, and even do-it-yourself wills. Its online services include music downloads, DVD rentals, broadband service, cell phones, and a flower delivery service.

**The Company's Mission** Tesco claims its core purpose is "creating value for customers, to earn their lifetime loyalty." The company says it has two values that drive the way it does business: "No one tries harder for customers;" and "Treat people how we like to be treated."



## CRITICAL THINKING

In what way are Tesco's core purpose and values related to its marketing objectives and strategies?

## @ Online Action!

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to find a research project on global marketing.

research efforts and provides a roadmap for how a product will enter the market, be advertised, and sold. A marketing plan also communicates the goals, objectives, and strategies of a company's management team. The specifics let managers know their responsibilities, budget, and timelines for completion. A plan helps a company monitor a company's performance. A small retail business may develop a simple marketing plan for a year, but a large manufacturer would prepare a marketing plan that covers five years.

**Reading Check** Recall What is a marketing plan?

## S Elements of a Marketing Plan

Marketing plans may differ from company to company. However, there are some basic

elements that will be found in all marketing plans. Those elements include an executive summary, a situation analysis, marketing goals/objectives, marketing strategies, and implementation, as well as a system for evaluation and control. See **Figure 2.1** on page 34 for a complete outline of a marketing plan. Follow the annotations for building a plan.

## Executive Summary

An **executive summary** is a brief overview of the entire marketing plan. It briefly addresses each topic in the plan and gives an explanation of the costs involved in implementing the plan. The executive summary may also be used to provide information to people outside the organization, especially those who may be investing in the company or organization.

## Reading Check

## Answer A

A marketing plan is a formal, written document that directs a company's activities for a specific period of time.

## S Skill Practice Independent Practice

## Elements of a Marketing Plan

Have students use the Net Marketing feature on page 32 to help them complete these practice activities.

**L1** Ask students to create and write objectives for a marketing plan for a Webcast of a sports event.

**L2** Ask students to perform a situation analysis for a Webcast of a Major League Baseball sports event. Have students summarize their findings in a one-page report.

**L3** Ask students to come up with marketing strategies for a Webcast of a Major League Baseball sports event. Have students present their strategies in a five-minute oral presentation.

## C Critical Thinking

**Analyze** Ask students: Why is an executive summary useful to investors in particular?

## GLOBAL MARKET

## The Tesco Strategy

**Discussion** Ask the class to brainstorm all the ways that a company like Tesco might become first in market position.

**CRITICAL THINKING** Answer: Tesco marketing objectives are to create customer satisfaction and lifetime loyalty. Their values involve keeping the customer satisfied. It does this by selling nonfood products at the lowest prices and keeping up with changes in customer buying habits.

## @ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center of the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

## TEACH CONTINUED

**C** Critical Thinking

**Draw Conclusions** Ask students: Does writing down a long-term plan help you accomplish your own goals?

**D** Develop Concepts

**Elements of a Marketing Plan** A marketing plan outlines goals, objectives, and strategies of a business or organization. Ask students to identify the main audience for a marketing plan.

Answers may include that the main audience for marketing plans is employees. Remind students that all employees should direct their efforts toward fulfilling the company's goals. The plan lets employees know what their roles and responsibilities are regarding those goals.

**Explain** Explain to students that the type of business or organization will determine the complexity of the plan and the period of time covered by the plan. A small manufacturer might develop a marketing plan for a year, whereas a large, multinational corporation might prepare one for five years. The longer time period allows for longer or more complex product development.

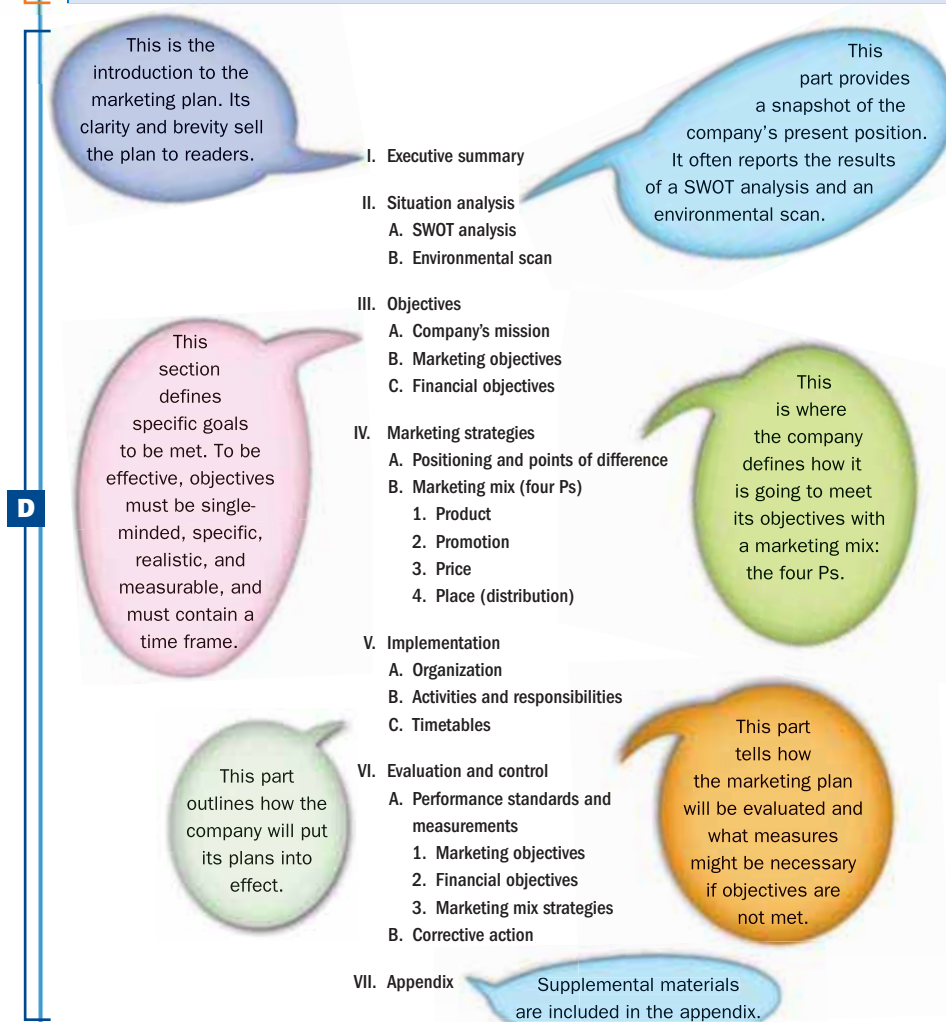
**Extend** Tell students that another audience for marketing plans might be potential or current investment advisors.

Figure 2.1

**Elements of a Marketing Plan**

• **How to Build a Marketing Plan** A marketing plan is an essential planning tool for a company. This document defines the company's overall goals, determines strategies for achieving those goals, and, at the end of a predetermined period of time, assesses how well those goals were achieved. Below are the basic elements found in a marketing plan.

*How can a small company benefit from writing a marketing plan?*

**@ Online Action!**

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to find a project on marketing plans.

Figure 2.1

**Elements of a Marketing Plan**

**Discussion** Have students follow as the content of Figure 2.1 is read aloud. Lead a discussion about how company logos can be used to demonstrate goals.

**Caption Answer** Students may suggest that successful businesses make it a goal to try to maintain or grow their market share.

**@ Online Action!**

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

**Situation Analysis**

**Situation analysis** is the study of the internal and external factors that affect marketing strategies. The information from a company's SWOT analysis and from the environmental scan becomes the basis for this portion of the marketing plan.

**Goals and Objectives**

Objectives let everyone know what the marketing plan will accomplish. To be useful, an objective must be single-minded (have only one topic for each objective), specific, realistic, measurable, and have a time frame. For example, you cannot include increasing sales and increasing profits in the same objective. Each topic needs to be a separate objective.

Specific means that the objective provides enough detail that there can be no misunderstanding. You cannot use, "to be better than a competitor" as an objective because what is "better" to one person may not be to another.

Measurable means that the objective includes a way to evaluate it. For example, you cannot simply say you want to increase sales. You need to identify the percentage increase in dollar or unit sales to make that objective measurable. Thus, you could use, "to increase dollar sales by 15 percent as compared to the same time last year."

Finally, you must include a time frame, such as in six months, or as compared to last year's sales. Without a time frame, you would not know if an objective was actually reached.

Marketing objectives must be in line with the organization's goals and mission. If an organization's goal is to double its business in five years, marketing objectives must coincide with that goal and provide the means to reach it.

A company's mission statement provides the focus for a firm's goals with its explanation of the company's core competencies, values, expectations, and vision for the future.

**Marketing Strategies**

A **marketing strategy** identifies target markets and sets marketing mix choices that

focus on those markets. All strategies need to take the customer's needs and wants into account, as well as the objectives of the marketing plan.

A company's or product's position in the marketplace determines the appropriate marketing strategy. The positioning of the product or service will drive decisions for each of the four Ps.

An effective marketing strategy should be focused on the key points of difference. The key point of difference is the advantage a company, a product, or service has over its competition. The point of difference could be the quality of the product, a superior distribution system, a more creative ad campaign, or a more competitive pricing structure.

This competitive advantage is what will make the company successful. The marketing mix elements can help create points of difference with respect to competition.

The results of the SWOT analysis should provide enough information to identify the specific target market and suggest ideas to create the necessary point(s) of difference to be competitive.

**Implementation: Make the Plan, Work the Plan**

Implementation is putting the marketing plan into action and managing it. This means obtaining the financial resources, management, and staffing necessary to put the plan into action. A timetable shows when each part goes into play.

This part of the marketing plan outlines a schedule of activities, job assignments, **sales forecasts** (the projection of probable, future sales in units or dollars), budgets, details of each activity, and who will be responsible for each activity.

This phase of the plan requires excellent communication among members of the management team so that tasks are completed on a timely basis.

**Evaluation and Control**

In the evaluation section of the marketing plan, measures that will be used to evaluate the plan are discussed. It is important to

**TEACH** CONTINUED**C Critical Thinking**  
**Drawing Conclusions****Phases of the Marketing**

**Process** Ask students to discuss which phase of the marketing plan is the most important. Tell students that in order to keep the economic system vital, new products must be continuously developed. Also, factors that influence the marketing process are changing all the time. For example, internal changes in a company as well as changes in its customers and competition are ongoing, as are the external changes in the areas of politics, culture, society, economy, and technology.

**ASSESS****CONCEPTS**

Ask students to explain the relationship between a SWOT analysis and a marketing plan.

A SWOT analysis is an essential part of a marketing plan.

**KEY TERMS**

Have students work in small groups to review the definitions of key terms.

**RETEACH****INDEPENDENT REVIEW**

**L1** Assign and review Chapter 2 activities in the Student Activity Workbook.

**L2** Assign and review Chapter 2 activities in the Marketing Math Workbook.

**L3** Assign and review Chapter 2 activities in the *BusinessWeek* Reader with Case Studies.

**Extended Activity****SWOT Role Play**

Have students work in small groups and choose one component of a SWOT analysis. Ask them to create a brief role play in which one person conducting the study meets with his or her company's employees to conduct that part of the analysis.

## SECTION 2.1

# ASSESS

### AFTER YOU READ

Have students complete the Section 2.1 After You Read section review.

### ONLINE STUDY TOOLS

Have students to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) for the Section 2.1 practice test.

# CLOSE

### CULMINATING ACTIVITY

Write the following analogy on the board and have students choose the correct response to complete it:

A SWOT analysis is to a marketing plan as

- (a) a glass is to water
- (b) a limb is to a tree
- (c) a puppy is to a dog
- (b) The SWOT analysis is an integral part of the whole marketing plan.

NCLB

NCLB Activity correlated to Mathematics and Economics Standards

explain exactly how a specific objective will be measured and who will be responsible for providing that evaluation.

#### Performance Standards and Evaluation

Performance standards are the measuring stick. A **performance standard** is an expectation for performance that reflects the plan's objectives. As part of the planning process, the control section suggests actions that should be considered if objectives are not met. In the control phase, the company's goal is to reduce the gap between planned the performance standards and the actual performance.

Let's say sales did not reach the sales forecast numbers. One reason for this discrepancy could be recent changes in economic conditions. In such a situation, a company may revise its sales forecast in order to make it more realistic.

#### Appendix

The appendix is the section of the marketing plan that includes supplemental materials such as detailed financial statements, sample ads, and other materials that support the plan.

#### Conclusion

The marketing process is ongoing. Think of it as a circular pattern that keeps going through the three phases of the marketing process of planning, implementation, and control. The key question at the end of the process is "Did we accomplish the objectives listed in the marketing plan within the boundaries of the plan?"

A marketing audit evaluates a company's marketing objectives, strategies, budgets, organization, and performance. It identifies problem areas in marketing operations. A marketing audit happens on a formal basis once a year and informally on a continuous basis.

## 2.1 AFTER YOU READ

### Key Terms and Concepts

1. What is a SWOT analysis and why is it helpful?
2. How can a business use a SWOT analysis and an environmental scan to create an effective marketing plan?
3. Why are evaluation and control important elements of a marketing plan?

### Academic Skills

#### Math

4. If a company's current sales revenue is \$1,386,000 and its marketing objective is to increase sales by 10 percent during the next year, what is the dollar sales goal for the following year?

### Social Studies/Economics

5. How can a country's current economic situation impact a business's marketing plan?

### Online Action!

Check your answers at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

#### CONCEPT

#### Numbers and Operations: Ways of Representing Numbers

An increase in a number can be represented by a percent greater than 100.

1. To solve the problem, think of next year's marketing objective as 110 percent of this year's sales revenue.
2. Convert 110 percent to a decimal by moving the decimal point two places to the left.
3. Multiply that decimal number by the current sales revenue to find the dollar amount of the sales goal.



For help, go to the Math Appendix located at the back of this book.

## 2.1 AFTER YOU READ

### Key Terms and Concepts

1. A SWOT analysis is a critical examination by a business of itself and its business environment. It is helpful because it enables a business to prepare for and deal with threats and weaknesses, as well as provide guidance and direction.
2. When a company conducts a SWOT analysis and an environmental scan, it

can develop strategies to deal with its weaknesses and challenges and best use its strengths and opportunities.

3. The evaluation and control phase of a marketing plan assesses how well the company has met its objectives. This phase also sets the stage for the next marketing plan.

### Academic Skills

4. \$1,524,600;  $\$1,386,000 \times .10 = \$138,600$ ;  $\$138,600 + \$1,386,000 = \$1,524,600$
5. In times of a healthy and robust economy, businesses are more likely to invest in new products and markets; in an economy that is either in or heading toward a recession, marketing plans may be placed on hold, changed, or dismissed altogether until the economy improves.

Find answers at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

# Marketing Segmentation

## READING GUIDE

### BEFORE YOU READ

**Predict** How do you think marketers identify their customers?

#### OBJECTIVES

- Explain the concept of market segmentation
- Analyze a target market
- Differentiate between mass marketing and market segmentation

#### KEY TERMS

- market segmentation
- demographics
- disposable income
- discretionary income
- geographics
- psychographics
- mass marketing

#### ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- range
- attitude

#### THE MAIN IDEA

The key to marketing is to know your customer or target market. Market segmentation helps identify the target market.

#### GRAPHIC ORGANIZER

Draw and use this chart to list differences between mass marketing and market segmentation.

Mass Market Versus Market Segmentation	
Mass Market	Market Segmentation
Definition	Ways to segment 1. Demographics 2. 3. 4.

Go to the OLC through [glencoe.com](http://glencoe.com) for printable graphic organizers, Academic Vocabulary definitions, and more.

#### ACADEMIC STANDARDS

- English Language Arts  
NCTE 3 Apply strategies to interpret texts.
- Social Studies  
NCSS 3 People, Places, and Environments: apply geographic understanding across a broad range of fields

NCLB

## Identifying and Analyzing Markets

Businesses look for ways to connect with current and potential customers. The surest way to make that connection is to know these people well. This means knowing where they live, their income level, age, ethnic background, activities, values, and what interests them. When a company looks at its customers this way, it can identify groups of people who have many things in common.

**AS YOU READ**

**Connect** Think of yourself as a consumer. What are your key characteristics?

## READING GUIDE

### BEFORE YOU READ

Put out to the class that they themselves are a market. Encourage students to keep this idea in mind as they read.

### D Develop Concepts

#### THE MAIN IDEA

Talk about each key term that is part of the main idea, rechecking definitions in context as needed.

**AS YOU READ**

Encourage students to start their notes on their characteristics now and add to them as they work through this section.

## FOCUS

### BELLRINGER ACTIVITY

Ask whether anyone can define the term used as the title of this section, *market segmentation*, reminding students that they heard it first in Chapter 1. Then ask students to brainstorm different ways a market can be segmented.

Market segmentation is the breaking of a market into smaller groups based on common characteristics, and then marketing to one particular group.

## Preteaching

### VOCABULARY

**KEY TERMS** Read each key term aloud and have students skim this section to find that word and its definition. A volunteer can then read the definition aloud for the class.

**ACADEMIC VOCABULARY** Refer students to the OLC through [glencoe.com](http://glencoe.com) for the Academic Vocabulary Glossary before they read the section.

### GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

NCLB

NCLB connects academic correlations to book content.

## TEACH

## Discussion Starter

## IDENTIFYING AND ANALYZING MARKETS

Have students list at least some of these characteristics: age, gender, income, marital status, ethnic background, education, and occupation. Inform students that these and other characteristics make up their demographic characteristics.

**Clarify** Tell students that as their demographic characteristics change, they are reclassified in different kinds of terms to marketers.

### W Writing Support

#### Guided Practice

**Determining Lifestyle** Have students research and select a print or online periodical that is targeted to a particular interest group. Examples might include magazines that are geared to a particular sport or to a music consumer. Ask students to predict and summarize the prospective audience for the periodical in a one-page response. Encourage students to support their conclusions with examples from the periodical.

- **PEPSI for EVERYBODY** PepsiCo, Inc. does extensive market research as do many other large corporations. This research reveals how the market for a given product is segmented. This information plays an important role in determining where and how a product is advertised.

*Which market is PepsiCo trying to reach with this print ad? How?*



Marketers analyze groups of customers to see if any of them can be further broken down into smaller, more precise clusters. The process of classifying people who form a given market into even smaller groups is called **market segmentation**. Let's look at the market for jeans. A marketer might ask, "Who buys jeans? At what price? What special features do they want?" Depending on the answers to these questions, the market for jeans could be segmented:

- **By age** jeans for kids, teens, and adults.
- **By price** marketers need to reach different income levels (often referred to as socio-economic groups).
- **By desired features** tight fit, comfortable fit, newest fashion, or a unique design.

To meet the needs of these different market segments, jeans manufacturers develop a unique marketing mix, including different products, promotions, stores for distribution, and price points. For example, Levi's jeans are

available in relaxed fit, regular fit, 501 original, loose straight, loose boot cut, low rise straight, and low rise boot cut.

The next question marketers ask is, "Which of these segments should we target?" It is usually too costly to target all the potential target markets. So, it is very important to identify those markets in which the company has an advantage that enables it to survive against its competition over a long period of time. Marketers call this situation a sustainable competitive advantage.

Companies study data generated by governments, private research firms, trade associations, and their own research to determine if a given target market is large enough to justify the expense. For example, United States census data might reveal that there are enough teenagers to justify making jeans for that segment of the market. To get a handle on the jeans market, additional research would reveal more about this market segment: their buying behavior, interests, activities, opinions about

## AD GUIDE

## • PEPSI for EVERYBODY

**Discussion** Lead a discussion of market segmentation by asking students to give their first impressions of this ad. Ask them to brainstorm to whom the ads might be directed.

**Caption Answer** Pepsi is attempting to reach a Spanish-speaking family demographic with this ad by featuring their product in a family-specific setting with appropriate ethnic cuisine as well as using the Spanish language.

#### Follow Up

Encourage students to find and bring in to class other ads that are directed to a particular market segment. Have students identify the market segment to whom the ad is directed.

**S** fashion, values, status, household income levels, ethnic background, and any other factor that might help marketers create a customer profile. The more specific the information is, the easier it is to design the jeans, price them, create the appropriate promotions, and sell them in the right outlets. The same factors are used to describe a target market. They are: demographics, geographics, psychographics, and behavioral factors.

### Demographics

**D** **Demographics** refer to statistics that describe a population in terms of personal characteristics such as age, gender, income, marital status, ethnic background, education, and occupation.

#### Age

Marketers can easily use age to segment the market by creating age **ranges**. The United States census provides information that might help in deciding on the age categories. Here are common labels used to segment the population by generation:

- **Baby Boom Generation** The 76 million babies born in the United States between 1946 and 1964 are known as the *baby boomers*. As baby boomers get older, their income and spending power increase. So, they are prime targets for all types of products, such as technological gadgets, cosmetics, and products to enhance lifestyle.
- **Generation X (or the Baby Bust Generation)** They followed the Baby Boom Generation. Most members of Generation X are children of dual-career households or divorced parents. They have been bombarded with media from an early age. They are savvy purchasers and skeptical consumers. To reach this group, marketers must use sharp images, music, a sense of humor, and meet them on their terms.
- **Generation Y** They are the sons and daughters of the later baby boomers. Generation Y is also known as the *Echo Boomers* or *Millennium Generation*. According to the U.S. Census, this group is more racially and

ethnically diverse with spending power. Fashions and information get passed along via the Internet, as most members of this generation use e-mail and surf the Web.

#### Gender

Gender helps to create market segments as well. Jockey, at one time a men's underwear company, doubled its sales when it entered the women's market with Jockey underwear for women.

#### Income

Marketers want to know how much money they have to spend on different products. For this reason, they look at two types of income measurement: disposable income and discretionary income. **Disposable income** is the money left after taking out taxes. Marketers who produce and distribute products that are necessities are interested in changes in consumers' disposable income. **Discretionary income** is the money left after paying for basic living necessities such as food, shelter, and clothing. Marketers who sell luxury and premium products are interested in changes in consumers' discretionary income.

#### Marital Status

The U.S. Census indicates that married couples have slipped to 49.7 percent of total households, compared with 80 percent in the 1950s. Reasons for this reduction in married couples can be attributed to several factors. People are older when they get married for the first time, divorcing more, living longer, and remarrying less. Married couples with kids represent less than 25 percent of the population.

#### Ethnic Background

The U.S. population is becoming more multicultural and ethnically diverse, mainly as a result of increased immigration. The Caucasian population is declining, relative to other ethnic populations. African American, Hispanic, and Asian American populations make up more than 30 percent of the U.S. population. By 2025, these ethnic groups will represent more than 37.2 percent of all Americans.

## S Skill Practice

### Independent Practice

#### Market Segmentation

**L1** Introduce students to the concept of psychographics by asking them how they spend their leisure time or what their values are.

**L2** Ask students whether they believe that senior citizen or child discounts are fair. Have students support their positions in a one-page essay.

**L3** Ask students to name some products that are promoted to both genders or one or more ethnic groups with the same approach or slightly different approach. Answers may include toys, food, or clothing. Ask students to discuss in a one-page report what they feel ads can do to perpetuate or counter gender or ethnic stereotypes.

## D Develop Concepts

**Demographics** Read the paragraph introducing the section on demographics aloud. Ask students to brainstorm specific ways that marketers might be able to differentiate and identify potential customers.

## C Critical Thinking

### Drawing Conclusions

**Understand a Target Market** Ask students to think of reasons why today's marketers are so interested in Generation Y. Encourage interested students to do more research on this segment of the population and provide examples of marketing targeted toward members of Generation Y.



## Extended Activity

### Advertising to Children

Ask interested students to research laws and regulations about advertising to children. Moderate a class discussion about whether it is ethical to market to children. Some students will argue that children should learn early that advertising is meant to influence them and begin to make judgments about what they see. Those against advertising aimed at children may point out that children cannot easily distinguish between fact and fiction, determine what is good for them and what is not, or make the distinction between program and advertising. They might further argue that when children are exposed to advertising, a responsible adult should be with them to talk about what they are seeing.



## ASSESS

## CONCEPTS

Ask students to recall three factors marketers can use to segment a market: **demographics, geographics, or psychographics**

## KEY TERMS

Have students work in small groups to review the spellings and definitions of key terms.

## RETEACH

## INDEPENDENT REVIEW

**L1** Assign and review Chapter 2 activities in the Student Activity Workbook.

**L2** Assign and review Chapter 2 activities in the Marketing Math Workbook.

**L3** Assign and review Chapter 2 activities in the *BusinessWeek* Reader with Case Studies.

**W** Writing Support

**Research** Refer students to the U.S. Census report, which can be found online or in public libraries. Have students list some of the kinds of information that can be found in the report. Students especially interested in the geographic component of demographics might do research on breakdowns within each population and prepare an informal report for the class.

**Geographics**

The term **geographics** refers to segmentation of the market based on where people live. Geographics relate closely to demographics because of the similarity among people who live in a certain area. To segment a market geographically, you can refer to local, regional, national, or even global markets. For example, a small, independent restaurant generally caters to people who live in its vicinity. Some products, such as Coca-Cola and Pepsi, are marketed nationally and internationally.

**W**

- Businesses that are interested in marketing to Latinos need to know the top Hispanic markets, which are Los Angeles, New York, Miami, Houston, and Chicago. The best place to market-test new products for Latinos would be in these geographic areas.
- Fifty-five percent of the African-American population live in the South. However, the city with the largest number of people identified as African American is New York City with 2.3 million. Chicago is second with 1.1 million, followed by Detroit, Philadelphia, Houston, Los Angeles, Baltimore, Memphis, Washington, D.C., and New Orleans. Any company that wants to reach African Americans would want to make sure it has distribution outlets in those key cities.
- If you were interested in marketing to children, it would be good to know where a large number of them live. According to the U.S. Census, Utah and Alaska had the highest proportion of their populations in the 5-to-13 age group (15 percent each). States with 14 percent were Texas, Arizona, California, and Idaho.
- In 2005, the population 65 years of age and older could be found in the greatest numbers in California (3.8 million), Florida (2.9 million), New York (2.5 million), Texas (2.2 million), and Pennsylvania (1.8 million).

- The states with a median household income of at least \$50,000 in 2005 were Delaware, Washington, California, Colorado, Virginia, Utah, Massachusetts, Minnesota, Alaska, Connecticut, New Hampshire, Hawaii, Maryland, and New Jersey. Financial institutions would be interested in these geographic areas. The residents would be prime candidates for investments and insurance as well as luxury items.

**Psychographics**

**Psychographics** involves grouping people with similar lifestyles, as well as shared **attitudes**, values, and opinions. Consumer lifestyles include how people spend their time and money. Attitudes, values, and opinions require special research to learn more about a group's personality traits and motivation.

**Activities**

If you made a list of all of your present activities, you would come to realize just how many market segments can be identified by psychographics. A good way to get a feel for market segmentation by activities is to visit the magazine section of a bookstore. For each interest group and activity, you will find at least one related magazine, which represents a market segment.

**Attitudes**

Consumers' attitudes, such as taking responsibility for one's health, eating healthier, and becoming physically fit, are trend-setting issues for marketers in the twenty-first century.

**Personality & Values**

More advanced study of psychographics includes the study of personality characteristics and values.

**Behavioral**

Segmenting the market based on product-related behavior involves looking at the benefits desired by consumers, shopping patterns, and usage rate. For example, many people, regardless of their socio-economic status, desire luxury and premium merchandise. The luxury market is a growing consumer trend as

**Extended Activity****Changing Geographics**

The American family has changed over the decades. Ask students to research and describe the typical U.S. family of the 1950s, the 1980s, and today. Have students write a short report on their findings and include the ways in which marketers may have changed the way they approach selling to the families of different decades.

individuals define themselves more and more through the products and brands they buy.

For example, MasterCard research revealed five groups of online consumers: confident core users, cautious shoppers, mainstream users, curious but not convinced, and technology skeptics. The overriding finding was that enhanced security measures influenced a shopper's online purchase decision. Each group had different levels of concern about security.

#### How Marketers Use Consumers' Behavioral Patterns

Astute marketers study shopping patterns to determine usage rates. Jupiter Research, a market research company, has determined that most teenagers spend about \$50 a month on entertainment and that teenage girls spend 15 percent more on music than teenage boys.

Companies classify their customers according to the percentage of sales each group generates. Many businesses find that the 80/20

rule applies. The 80/20 rule means that 80 percent of a company's sales are generated by 20 percent of its loyal customers.

#### Mass Marketing Versus Segmentation

When products have universal appeal and few features to differentiate them from competitors, mass marketing is used. **Mass marketing** involves using a single marketing strategy to reach all customers.

#### A New Marketing Trend

Since most products can be segmented by demographics, psychographics, geographics, or buying behavior, mass marketing is not as popular as it once was. The current trend is niche marketing, which means that markets are narrowed down and defined with extreme precision. Even products that use one slogan in their advertising, such as *Got Milk?* ads, will use different models or themes to reach different segments of the market.

## ASSESS

### AFTER YOU READ

Have Students complete the Section 2.2 After You Read section review.

### ONLINE STUDY TOOLS

Have students go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) for the Section 2.2 practice test.

## CLOSE

### CULMINATING ACTIVITIES

1. Provide examples of advertisements to teams of two to four students or ask students to find advertisements on their own. Have each team identify the ways they think the marketer has segmented the market to reach the group or individuals being targeted by their selected advertisement. Encourage students to share their ads in class.
2. Ask volunteers to share their notes about themselves as consumers that they took as they read through this chapter. Ask: Do any descriptions show up in almost everybody's notes? What are some unique features that students would like to share? Have students describe which categories these features fall under.

**NCLB** NCLB Activity correlated to Mathematics and Social Studies Standards

## 2.2 AFTER YOU READ

### Key Terms and Concepts

1. Which type of income, disposable or discretionary, is more important to businesses that sell expensive watches or financial services?
2. Of what significance are the combined African-American, Hispanic, and Asian-American populations to marketers?
3. A recent study shows that teens are drinking more bottled water and reducing the amount of carbonated beverages they drink. Which psychographic or lifestyle trend does this study support?

### Academic Skills

- Math** .....
4. If 93 percent of the U.S. population of 300 million (2006 estimate) snacks at least once a day, how large is the market for snack food?

### Social Studies/Civics and Government

5. Why does the United States conduct a census every ten years?

#### CONCEPT Numbers and Operations:

**Percents** A percent is a ratio comparing numbers to 100. To convert percents to decimals, move the decimal point two places to the left.

1. To solve the problem, convert the percent to a decimal number.
2. Multiply that decimal number by the total population to find the market for snack food.



For help, go to the Math Appendix located at the back of this book.

**Online Action!** Check your answers at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

[glencoe.com](http://glencoe.com)



Chapter 2 — The Marketing Plan 41

## 2.2 AFTER YOU READ

### Key Terms and Concepts

1. These businesses depend on the customer's discretionary income, the money left over after the necessities (such as food, clothing, shelter) have been purchased.
2. Each represents a potential market segment. By 2025, these groups could represent 37.2 percent of the U.S. population.

3. attitudes, taking responsibility for one's health

### Academic Skills

4.  $270,528,422; 290,890,777 \times .93 = 270,528,432.61$
5. The census, mandated by the U.S. Constitution, gives the government fairly up-to-date information regarding who citizens are,

where they live, their ages, and so on. This information is vital in serving the nation's population, by providing statistics on things such as how many people will draw Social Security benefits in a given year, how many children will enter school at a given time, and so on.

**Online Action!** Find answers at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

## CAREERS IN MARKETING

### Lifelong Learning

#### CAREER INFORMATION

Have students go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com), find the Chapter 2 Careers page, and then click on the link for the American Marketing Association's Career Strategies and Tips. Ask students to select one article to read and write a one-page summary.

#### MARKETING AND SETTING GOALS

Explain that in the context of the feature, a *measurable goal* is whether the product sells, and the creative pursuits are all the ways used to sell it. Point out that this definition suggests working with marketing plans offers the opportunity to use a wide range of skills related to setting and achieving goals.

### Primary Source

Ask students to go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) and find Chapter 2 resources. Ask them to click on the link for the American Marketing Association's marketing dictionary and read definitions of any marketing career-related terms they find.

#### THINKING CRITICALLY

Study of psychology includes examination of all types of human behavior. The more understanding a person has about other people, the more likely that person will be able to reach and persuade them.

#### @ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

## CAREERS IN MARKETING



**ROBERT MARCUM**  
MARKETING  
COORDINATOR  
ARCOS, KLEIN AND  
HAMMERSMITH

#### ? What do you do at work?

I'm an employee of a consulting firm that focuses on using all types of marketing disciplines to help organizations achieve their goals. These include media relations, grassroots marketing, Internet communications, lobbying, investor relations, and advertising. My job mostly entails three things: leading and executing the communications programs for various clients, handling operations issues such as managing local staff, and pursuing new business.

#### ? What skills are most important to you?

A lot of what marketing people do is apply a measurable goal to creative pursuits: writing, oration, design, etc. Therefore, if you want to succeed in marketing, you'd better have an eye for design, write well, or be a persuasive conversationalist.

#### ? What kind of training do you recommend?

Read, read, read. Observe, observe, observe. Read everything. Read books on marketing. Read magazines to figure out how journalists craft stories. The best marketers are generally very observant people. Study psychology and learn to empathize with others. Marketing and communications are about evaluating an audience, and then communicating to that audience according to what you know about them in order to inspire the audience to do or think something so that you can further an organization's goals.

#### Aptitudes, Abilities, and Skills

Strong and outgoing personality, creativity, writing and communication skills

#### Academics and Education

**Courses** English language arts, math, marketing, communications, psychology

**Degrees** High School, AA, BA, MBA

#### Career Path

Marketing and communications positions range from entry-level assistant to upper-level executives. Entry-level positions provide real-world experience and a first step on the career ladder upward.

#### Career Outlook

Growth to increase faster than average for the next ten years

Source: *Occupational Outlook Handbook*

#### THINKING CRITICALLY

Why is it valuable for marketing professionals to study psychology?

#### @ Online Action!

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to find a career-related activity.

### Test-Taking Strategies

Let students know that they can use the graphic organizers found in each section to provide quick, visual reminders of the contents of the chapter. Tell students that they can create graphic organizers on their own to organize the information that they learn.

## FOCUS on KEY POINTS

### SECTION 2.1

- A SWOT analysis identifies a company's internal strengths and weaknesses, as well as external opportunities and threats. Internal strengths and weaknesses involve analysis of the company, its customers, and its competitive position. External opportunities and threats include political, economic, socio-cultural, and technological factors.
- A marketing plan is a written document that directs the marketing activities of a company for a specific period of time. It includes an executive summary, situation analysis, marketing goals, marketing strategies, implementation, evaluation and control, and appendix.

### SECTION 2.2

- Market segmentation classifies people in a given market into smaller groups. Four methods of segmenting are demographics, geographics, psychographics, and buying behavior.
- Demographics can be broken down by age, gender, income, marital status, and ethnic background. Geographics relates to similarities among people who live in a certain area. Psychographics groups people with similar lifestyles, attitudes, values, and opinions.

## REVIEW VOCABULARY

1. On a sheet of paper, use each of these key terms and academic vocabulary words in a written sentence.

### Key Terms

- SWOT analysis (p. 27)
- environmental scan (p. 30)
- marketing plan (p. 32)
- executive summary (p. 33)
- situation analysis (p. 35)
- marketing strategy (p. 35)
- sales forecasts (p. 35)
- performance standard (p. 36)
- market segmentation (p. 38)
- demographics (p. 39)
- disposable income (p. 39)
- discretionary income (p. 39)
- geographics (p. 40)
- psychographics (p. 40)
- mass marketing (p. 41)

### Academic Vocabulary

- factor (p. 27)
- technology (p. 28)
- range (p. 39)
- attitude (p. 40)

## REVIEW FACTS and IDEAS

2. Explain the purpose of a SWOT analysis. (2.1)
3. List the three key areas involved in an internal company analysis. (2.1)
4. Identify the factors in an external environmental scan. (2.1)
5. What are the basic elements found in all marketing plans? (2.1)
6. Explain market segmentation. (2.2)
7. What are demographics? (2.2)
8. What are geographics? (2.2)
9. What are psychographics? (2.2)
10. Explain mass marketing. (2.2)
11. Explain market segmentation. (2.2)

Chapter 2 — The Marketing Plan 43

## REVIEW FACTS and IDEAS

2. The purpose of a SWOT analysis is to help the company analyze its own strengths and weakness and the opportunities and threats in its environment.
3. The three key areas involved in an internal company analysis are company, customers, and competition (three Cs).
4. The factors in an external environmental scan are political, economic, socio-cultural, and technological (PEST).
5. The basic elements of a marketing plan include: summary, situation analysis, objectives, marketing strategies, implementation, evaluation, and control.
6. Market segmentation is classifying people in a given market into smaller groups based on common characteristics.
7. Using demographics to analyze a population involves segmenting it in terms of personal characteristics such as age, gender, income, martial status, ethnic background, education, and occupation.
8. Analyzing according to geographics involves segmenting the population based on where people live.
9. Psychographics focus on examining the market according to similar lifestyles and shared attitudes, values, and opinions.
10. Mass marketing refers to the using of a single marketing plan in efforts to reach all customers.
11. Market segmentation involves breaking the mass market into smaller parts based on shared characteristics and then aiming specific marketing efforts at a smaller group.

## FOCUS on KEY POINTS

For both Section 2.1 and Section 2.2, have a different student read each key point aloud. Allow time after each reading for questions or comments, encouraging peer tutoring as classmates respond to each other's remarks.

## REVIEW VOCABULARY

See the Glossary at the back of this book for definitions of Key Terms. Academic Vocabulary definitions are on the book's OLC.

1. Sample answers might read:  
**Key Terms** A *SWOT analysis* is an analysis of internal strengths and weaknesses, as well as external opportunities and threats.  
**Academic Vocabulary** A *factor* is an active contributor to the production of a result.

## BUILD REAL-WORLD SKILLS

### 12. Workplace Skills

Answers should list three things the salesperson did to establish rapport, such as looking the customer in the eye, asking questions about product use, or sharing personal experiences.

### 13. Technology Applications

Answers should indicate the ability to make use of the program used to create spreadsheets. Spreadsheets should demonstrate an understanding of how to collate and chart demographic information.

## BUILD ACADEMIC SKILLS

### 14. Math Practice

The two largest figures on this list represent the top 20 percent of customers; 80 percent of the company's sales (\$700,000 + \$815,000) are generated by the top 20 percent of customers.

### 15. Social Studies

Student reports should demonstrate an understanding of the makeup of a population as well as specific information about the community. Paragraphs can be evaluated according to how well goals were met and by the quality of research.

## DEVELOP CRITICAL THINKING

### 16. Prepare a SWOT Analysis

Student charts and their responses during discussion should display an understanding of the components of SWOT analysis. Analyses should include appropriate strengths, weaknesses, threats, and opportunities.

## APPLY CONCEPTS

### 17. Segment a Market

Student's reports and presentations should express an understanding of a market segment as well as the components of the marketing plan. Presentations can be evaluated according to how well goals were met, quality of research, and mastery of the presentation software.

## BUILD REAL-WORLD SKILLS

### 12. Workplace Skills

**Customer Service Skills** Try to recall a businessperson or a salesperson who was able to establish a bond with you or one of your friends or family members during a business transaction at a store or a business office. List three things the person did to accomplish this.

### 13. Technology Applications

**Age Groups** Use spreadsheet software to create a chart that depicts the age groups reported by the U.S. Census Bureau's estimates as of July 2003:

Total population 290,808,777

Under 5 years 19,769,279

5 to 13 years 36,752,056

14 to 17 years 16,522,171

18 to 24 years 28,899,571

Include the 25 and older age group in your chart.

## DEVELOP CRITICAL THINKING

### 16. Prepare a SWOT Analysis

Select a company that interests you and on which you can find information (on the Web, through observations at different stores, or in business publications). Prepare a SWOT analysis. Then, prepare a chart that depicts the company's internal strengths and weaknesses, as well as its external opportunities and threats. Be prepared to discuss your analysis with classmates.

## BUILD ACADEMIC SKILLS

### 14. Math Practice

**The 80/20 Rule** Here are the sales figures for ten customers: (1) \$75,000; (2) \$700,000; (3) \$815,000; (4) \$70,000; (5) \$60,000; (6) \$30,000; (7) \$25,000; (8) \$53,750; (9) \$40,000; and (10) \$25,000. Explain the 80/20 rule using these figures.

**CONCEPT** Number and Operations:

**Understanding Ratios** The 80/20 rule states that the top 20 percent of customers generates 80 percent of a company's sales. In this case, total sales of \$1,893,750 are from ten customers. Twenty percent of 10 is 2. The sales generated from the top two customers total \$1,515,000 or 80 percent of total sales.



For help, go to the Math Appendix located at the back of this book.

### 15. Social Studies

**Market Segmentation** When marketing products to consumers, it is important to know about their characteristics and background. Research your community to determine its demographic makeup. Write a paragraph describing who lives in your community. Include such information as the total population and the number of people in various age ranges.

## APPLY CONCEPTS

### 17. Segment a Market

Research the nutritional value of almonds and FDA approval of claims that can be used to market these products. Choose and describe the most viable target market (segment). Suggest a promotional campaign for an organization (such as the Almond Board of California) that will use your proposal to increase sales. What would be the key message? What media would you choose?

**Activity** Prepare a written report and a visual presentation of your ideas.



## Formative Assessment

Formative assessment is an essential component of classroom work. This type of assessment provides information that is then used as feedback to modify teaching and meet student needs.



L1 Ask students to work in pairs to explain the key terms in this chapter to one another.



L2 Ask students to name and describe the four components of SWOT analysis.



L3 Have students work in small groups to choose a product and create a marketing plan for it.



## Reteach

If the results of this formative assessment seem low, consider the following activity:

Ask students to read the selection subheads aloud and construct an outline which includes at least one key point under each heading.

NET SAVVY

18. Learn From the Census

Visit the Web site for the United States Census Bureau and select one of its reports from its Facts for Features series. Share the report you selected with your class.



STANDARDIZED TEST PRACTICE

- Directions** Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

What is 150 percent of 44?

- A 80
- B 50
- C 66
- D 88

- Directions** Choose either True or False as the answer. Write the letter for the answer on a separate piece of paper.

The 20 in the 80/20 rule represents 20 percent of a company's sales.

- T
- F

Test-Taking Tip

When you sit down to take a math test, jot down important equations or formulas on scrap paper. This way, you will not forget them during the test.

THE DECA CONNECTION

Role Play Assistant Manager

**Situation** Assume the role of assistant manager of a store that sells computers, software, and accessories. The store is located near a business office park. The store manager (judge) wants to do a target market study of the store's customers and wants the input of the employees. You have been asked to make a presentation at the next staff meeting. Your presentation is to focus on the customer demographics as part of a larger explanation of target marketing.

**Activity** You are to outline your presentation by including the meaning of the term *customer demographics*. Also include an explanation of the customer characteristics that are included in the term *demographics*. Review your presentation outline with the manager (judge).

**Evaluation** You will be evaluated on how you meet the following performance indicators:

- Describe the need for marketing information.
- Explain the nature of marketing planning.
- Identify market segments.
- Select target market.
- Make oral presentations.



@ Online Action!

For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

NET SAVVY

18. Learn From the Census

Student reports should demonstrate an understanding of how to use the U.S. Census Bureau Web site.

STANDARDIZED TEST PRACTICE

ANSWERS

1. C 2. F

TEST-TAKING STRATEGIES

When your students have a standardized test coming up, these last-minute test-taking tips and strategies will help students relax and do their best.

**Test Format** Help your students become familiar with the format of the specific test they are going to take by practicing with test items that imitate the actual test items.

**Test Timing** Have your students take one or more timed practice tests so that they become comfortable with the test format.

MINI-QUIZ

Have students write or volunteer answers as you read each item aloud.

- A SWOT analysis is a marketing plan. (false)
- A target market is as big as a market can get. (false)
- External factors, political, economic, social, and technological, all affect a company's marketing efforts. (true)
- Customer profiles help determine marketing strategies. (true)
- Small companies have no need for marketing plans. (false)

For an expanded chapter quiz, go to Chapter 2 in the *TeacherWorks™ Plus* DVD and to Chapter 2 in the *ExamView® Assessment Suite*.

THE DECA CONNECTION

Students should be evaluated on the performance standards noted in the role play. For another DECA role play, go to the *Competitive Events Workbook* or the *Student Activity Workbook*, or go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

DECA Advisors Corner

Present an activity in marketing terms, where a new DECA chapter is the product. Work with your own DECA chapter to create a SWOT analysis and then a marketing plan. Secure the name of a school where you hope to create a DECA chapter and assign marketing tasks to chapter officers.

## MARKETING INTERNSHIP

### SET-UP

Discuss this internship's basic background to make sure students understand the simulation. Introduce students to the NASCAR Web site, and let them know that this fastest-growing sport attracts the largest audiences of all sports. You may want to ask students who are NASCAR fans to discuss their attachment to the sport and explain how it is different from other sports.

### PROCEDURES

You may want to list procedures on the board and talk about any questions the students might have. Remind the students that a suggested outline for their project is available at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

### TIME MANAGEMENT

Set goals, block schedules, and milestones. Assign interim deadlines for each step of the project.

### ASSESSMENT

The rubrics for evaluation of the written, oral, and computer presentations are available at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

# MARKETING INTERNSHIP

A SIMULATED



SPORTS AND ENTERTAINMENT MARKETING EVENT

## Conduct a SWOT Analysis for NASCAR

### BASIC BACKGROUND

NASCAR wants to begin holding races in the New York City area and attract teenagers as new fans. It would also like to sign sponsorship deals with high-tech and financial services companies. A few of your clients fit that description. You work with a large bank, an Internet company, a mobile phone service provider, and a teen apparel retailer.



### Which Company Is the Right Sponsor?

Before suggesting a sponsorship to any of these clients, you need to conduct a complete

analysis of NASCAR. Official sponsors have exclusive rights, which means a competing company could not be a sponsor in that category. For example, if McDonald's is the sponsor for fast food at an event, no other fast food company would be permitted to sponsor that event.

### YOUR OBJECTIVE

Once you know more about NASCAR, you will be in a better position to suggest a client for a sponsorship deal. The bank has branches in four states. The Internet company is a small auction site specializing in sports memorabilia. The cell phone company sells phones and plans with walkie-talkie and messaging features. The

apparel retailer is a chain found in major shopping malls around the country.

### SKILLS NEEDED

Preview the project, and then brainstorm a list of skills you will need to complete it. Describe how you might apply them. Some skills might include:

**Academic Skills** reading, writing, social studies, and researching skills

**Basic Skills** speaking, listening, thinking, and interpersonal skills

**Technology Skills** word-processing, telecommunication, and Internet skills

### ASSIGNMENT AND STRATEGY

- **Conduct research** Research NASCAR and its marketing activities. How successful is NASCAR as a business entity? How well does it follow the marketing concept? Who are NASCAR's official sponsors? Do they compete with your clients? What is the customer profile of NASCAR's target market?



## READ to WRITE

### Marketing Activities

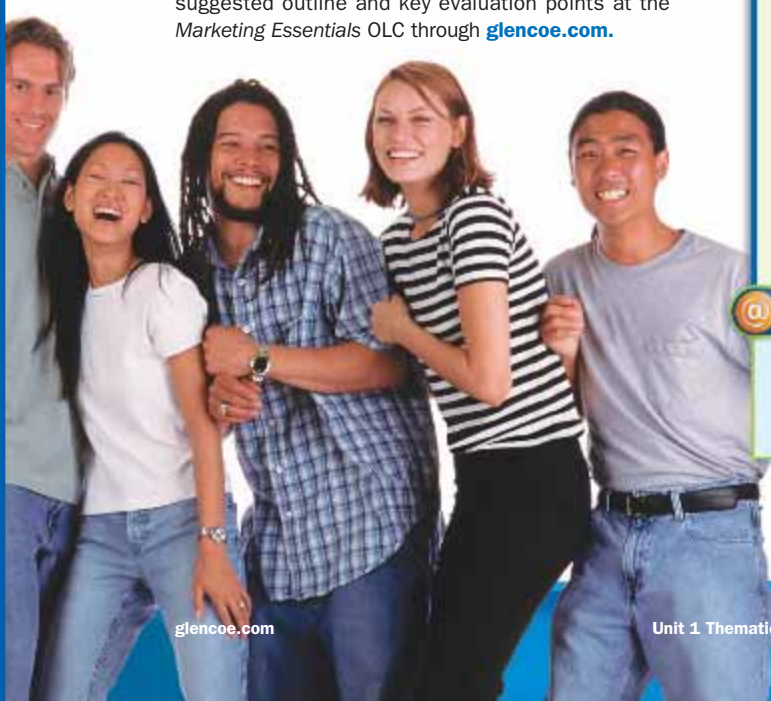
Ask students to research and write about an athlete and his or her marketing activities. Ask them to consider what qualities make this athlete an effective spokesperson for the products he or she represents. Students can then organize their findings in a one- to two-page essay. For example, you may want to discuss the Lance Armstrong Foundation and the Nike-sponsored LIVESTRONG™ yellow wristband that stirred a cultural phenomenon around the world. It started out as a reference to Armstrong's cancer story and quickly grabbed hold of the hearts of many people, from professionals to kids to other athletes. Tell students to be sure to discuss in their essays why they think that particular athlete was chosen to market the products and how the athlete's representation may help to improve the products' image or sales.

Do the demographic, psychographic, geographic, and behavior factors that describe a fan match the target markets of any of your clients? Do research at a library and on the Internet. Review news coverage of NASCAR to learn more.

- **Develop a SWOT analysis** Use the format for conducting a SWOT analysis to analyze NASCAR's current situation. How effective are its marketing mix strategies? Are there threats or opportunities that might impact NASCAR now or in the future?
- **What your project should include** Select a client for NASCAR sponsorship and a specific type of sponsorship. Note the benefits of sponsorship for the client. Develop creative marketing strategies the client could use to make the investment worthwhile. Conclude with a strong argument as to why your ideas are feasible and how your company can make it happen for the client.

## YOUR REPORT

Use a word-processing program and presentation software to prepare a double-spaced report and an oral presentation for the client you selected. See a suggested outline and key evaluation points at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).



glencoe.com

Unit 1 Thematic Project — Marketing Internship 47

## BUILD YOUR PORTFOLIO

### Option 1 Internship Report

Once you have completed your Marketing Internship project and presentation, put your written report and a few printouts of key slides from your oral presentation in your Marketing Portfolio.

### Option 2 Analyzing a Company

Analyze a company of your choice. Research how the company follows the marketing concept. What does a SWOT analysis reveal? What is the company's market share and who are its competitors? Who are its target markets? What would you suggest to improve its marketing mix strategies? Prepare a written report for your Marketing Portfolio, and an oral presentation using word processing and presentation software. See a suggested outline and key evaluation points at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

### Online Action!

Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com) to review the SWOT analysis concepts that relate to DECA events.

## Unit Review

Have each student select a consumer item that is demonstrable in class, such as a folder, a pen, or a shoe. Have students determine the item's intended consumer market by using the library and Internet to research their answer. Ask: Has the market changed over the years? **Items will vary, as will their markets. For example, the athletic shoe is no longer just for competitive athletes, but marketed and purchased by consumers with fashion and comfort in mind. Yet, the ballpoint pen has remained virtually unchanged for decades.**

## STEP AHEAD

Ask students how marketing and marketing plans influence the free enterprise system and the global economy. **Answers may suggest that marketing helps a business compete nationally and internationally.**

## Internship Wrap-Up

Ask students what considerations a business should make before sponsoring a NASCAR race team. Have students give their responses in a ten-minute oral report. Encourage the use of presentation software and other visual aids. **Answers may include that both parties align on demographics, psychographics, and geographics data.**

## BUILD YOUR PORTFOLIO

Explain to students that portfolios provide evidence of their knowledge and skills in working with data, people, and concepts. A portfolio is a valuable career tool. Point out to students to present a portfolio in a professional and organized manner. Encourage students to check the portfolio information available at the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).

### Peer Review

Fellow students who share common interests can serve as reviewers of the final portfolios. This review can be completed through the use of a checklist. Go to the *Marketing Essentials* OLC through [glencoe.com](http://glencoe.com).