

Lesson B5–2

Developing a Marketing Plan

Unit B. Starting and Operating the Agribusiness

Problem Area 5. Marketing Agricultural Products

Lesson 2. Developing a Marketing Plan

New Mexico Content Standard:

Pathway Strand: Agribusiness Systems

Standard: VI: Use sales and marketing principles to accomplish an AFNR business objective.

Benchmark: VI-B: Develop a marketing plan.

Performance Standard: 1. Identify and develop value-added products. 2. Develop public relations campaign. 3. Develop sales goals and incentive programs.

Student Learning Objectives. Instruction in this lesson should result in students achieving the following objectives:

1. Define the purpose for developing a marketing plan.
2. Identify the process of developing a market plan.
3. Explain the three essential elements of a marketing program.
4. Identify the kinds of marketing plans.

List of Resources. The following resources may be useful in teaching this lesson:

Recommended Resources. One of the following resources should be selected to accompany the lesson:

Lee, Jasper S., Leising, James., and Lawver, David. *AgriMarketing Technology*. Danville, Illinois: Interstate Publishers, Inc., 1994. (Textbook, Chapter 12)

Gibson, Jerry D., et al. *Agribusiness: Management, Marketing, Human Resource Development, Communication, and Technology*. Danville, Illinois: Interstate Publishers, Inc., 2001. (Textbook, Chapter 15)

List of Equipment, Tools, Supplies, and Facilities

Writing surface
Overhead projector
Transparencies from attached masters
Copies of student lab sheet

Terms. The following terms are presented in this lesson (shown in bold italics):

Budget
Demographics
Economics
Economist
Financial statement
Market research
Market segment
Marketing plan
Price
Quality
Sales forecast
Supply
Target market
Trade association

Interest Approach. Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Ask the students to divide themselves into groups. Each group should be alike. For example, girls with blonde hair, boys with dark hair, etc. Explain that each group is a target market. If you were to record data based on these groups you would be doing market research. If a company was specifically trying to market their products to girls with red hair, this would be their target market. Finish the activity and discussion and continue with the lesson.

Summary of Content and Teaching Strategies

Objective 1: Define the purpose for developing a market plan.

Anticipated Problem: What are the purposes of developing a market plan?

- I. For a business to remain operable, it needs to be profitable. To make a profit means to make money. The marketing and sales of a business are the responsibility of its sales department or manager. A **marketing plan** is a program designed to help a business achieve its estimated sales.
 - A. A marketing plan is developed for each of a business's market segments. A **market segment** is a group of customers, divided from others by certain characteristics. Each market segment requires a different method of advertisement. To advertise means to present the positive qualities of a product or service to the public.
 - B. A marketing plan can be formal or informal. To determine which is more appropriate, a business must first do market research. **Market research** consists of gathering, recording, and analyzing data related to products and consumers. Marketing plans and market research help ensure that consumers in a target market are offered the products or services they want or need. A **target market** is the market segment that is most likely to purchase a product or service.

Use TM: B5–2A to review the terms covered in this objective. Refer to text readings to help further student understanding of this objective. Each contains excellent information on the purposes of a marketing plan.

Objective 2: Identify the process of developing a market plan.

Anticipated Problem: What processes go into developing a market plan?

- II. Before a target market can be reached, a market plan must be developed. Information in marketing plans help business managers make sales forecasts. **Sales forecasts** are an estimate of the amount of sales resulting from a market plan. Market plans are both internal and external in nature.
 - A. Elements included in an internal marketing plan include the available budget, sales history, inventory supply, and financial statement.
 1. A **budget** is a business' written statement of future financial plans. It includes the forecasted income, expenses, and estimated profits of a business. It is necessary to set budgets in order to reduce the risk of overspending.
 2. Sales histories help a business plan for the future by looking at the past. A sales history should reflect the same or similar market groups to be useful in developing a market plan.

3. For businesses to remain competitive, it is important to be able to supply its customers with the products and services they want. **Supply** is the amount of goods and services a business offers for sale at any given time. In business this is known as inventory.
 4. A **financial statement** is a balance sheet showing the income and expenses of a business. Its purpose is to summarize the finances of a business.
- B. External elements are important in market research as well. External elements include target market demographics, business statistics, census data, government agency reports, voter registration lists, an economic analysis, and customer survey results.
1. **Demographics** are those statistics dealing with the distribution, density, and vital statistics of a population.
 2. Business statistics are readily available from a trade association. A **trade association** is an organization that helps businesses by serving their common interests.
 3. The census is a survey taken every decade to help determine the population density and economic development of any given area.
 4. A variety of government agency reports can help in developing market research. The United States Department of Agriculture (USDA) publishes a variety of reports that could serve useful to an agricultural business.
 5. Market research firms use information gathered from both public and private records to identify consumers with specific characteristics.
 6. An **economist** is a person who specializes in economics. **Economics** is the study of production, distribution, and consumption of wealth. Economists are capable of analyzing a business or market to show what is necessary for improvement.
 7. A survey is a written or verbal opportunity for a business to determine the wants and needs of their customers. Surveys can be extremely detailed or very brief.

Use TM: B5–2B to review internal and external marketing plan factors. Assign text readings to help students further understand this objective. The Using SWOT Analysis section in Chapter 15 of Agribusiness should be useful in helping students understand the questions that need to be asked when developing a marketing plan.

Objective 3: Explain the three essential elements of a marketing program.

Anticipated Problem: What are the three essential elements of a marketing program?

- III. There are three essential elements of a marketing or sales program. Price, quality, and service are important to factors both big and small alike. A nationwide seed distribution company would be just as concerned with these elements as a family run greenhouse.
 - A. An item's **price** is the amount of its worth in dollars. Prices of products and services should be competitive and relative to the quality of the item.
 - B. **Quality** is the degree of excellence of a product or services. Usefulness can also determine quality. Products of low quality are worth less money.

- C. The services provided with a product can help determine the market price of a product or service. There are three areas of service: handling, financing, and technical information.

TM: B5–2C can be used to review the three essential elements of a marketing program. Text readings can be used to help students master this objective.

Objective 4. Identify the kinds of marketing plans.

Anticipated problem: What are the differing kinds of marketing plans?

- IV. Two types of marketing plans exist—new product marketing plans and annual marketing plans. Both include five unique parts.
 - A. Analysis of the market (see Objective #2).
 - B. Business Proposition—what is to be accomplished in the marketing.
 - C. Action plan—the four P’s: Product, Place, Promotion, and Price.
 - D. Projected Budget—expenses and income.
 - E. Evaluation—how well did the marketing plan work?
 - 1. A new product marketing plan would be a comprehensive plan for a brand new product that would span the first five years of that product.
 - 2. An annual marketing plan would be completed every year for continuing products. Marketing plans can change each year based on market saturation, use and market share of the product, and supplies available.

TM: B5–2D can be used to review the two kinds of marketing plans and the parts of those plans. Text readings can be used to help students master this objective.

Review/Summary. Summarize the lesson by reviewing the student learning objectives. The anticipated problems can also be used as student review questions. Chapter reviews from the recommended resource list may also be useful.

Application. The following student activity can be used to apply the student learning objectives.

LS: B5–2A Marketing an Agricultural Business

Evaluation. Evaluation should be based on student comprehension of the learning objectives. This can be determined using the attached sample written test.

Answers to Sample Test:

Part One: Matching

1. e
2. d
3. c
4. f
5. b
6. a

Part Two: Completion

1. market segment
2. financial statement
3. formal, informal
4. Quality
5. external elements

Part Three: Short Answer

price, quality, service

Test

Lesson B5–2: Developing a Marketing Plan

Part One: Matching

Instructions. Match the term with the correct response. Write the letter of the term by the definition.

- | | |
|-------------------|--------------------|
| a. economist | d. market research |
| b. marketing plan | e. economics |
| c. budget | f. supply |

- _____ 1. The study of production, distribution, and consumption of wealth.
- _____ 2. Gathering, recording, and analyzing data related to marketing.
- _____ 3. A business's written statement of future financial plans.
- _____ 4. Amount of goods and services a business offers for sale at any given time.
- _____ 5. Program designed to help a business achieve its estimated sales.
- _____ 6. A person who specializes in the study of the consumption of wealth.

Part Two: Completion

Instructions. Provide the word or words to complete the following statements.

- 1. A _____ is a group of customers, divided from others by characteristics that a business hopes to gain.
- 2. The purpose of a _____ is to summarize the finances of a business.
- 3. Market plans can be either _____ or _____ in nature.
- 4. _____ is the degree of excellence of a product or service.
- 5. Census data, customer survey results, and target market demographics are examples of _____ in market research.

Part Three: Short Answer

Instructions. Provide information to answer the following question.

List the three essential elements of a marketing program.

MARKETING PLANS

- **Marketing plan**—a program designed to help a business achieve its estimated sales.
- **Market segment**—a group of customers divided from a larger group based on a set of characteristics.
- **Market research**—consists of gathering, recording, and analyzing data related to marketing.
- **Target market**—the likeliest purchaser of a product or service offered by a business.

ELEMENTS OF A MARKETING PLAN

- **Internal**
- **Available budget**
- **Sales history**
- **Inventory supply**
- **Financial statement**
- **External**
- **Target market demographics**
- **Business statistics**
- **Census data**
- **Market research firms**
- **Voter registration lists**
- **Economic analysis**
- **Customer survey results**

THREE ESSENTIAL ELEMENTS OF A MARKETING PROGRAM

- ➔ **Price**
- ➔ **Quality**
- ➔ **Service**

KINDS AND PARTS OF MARKETING PLANS

Marketing plan—written statement that guides the marketing process.

Kinds of marketing plans:

- **New product—developed before a new product is produced.**
- **Annual—developed each year for continuing products.**

Parts of a marketing plan:

- **Analysis of the market—collecting and drawing meaning from information about the market.**
- **Business proposition—what is to be accomplished in marketing.**
- **Action plan—the product mix (four Ps).**
- **Projected budget—anticipated expenses and income.**
- **Evaluation—assessment of how well the marketing plan worked.**

Lab Sheet

Marketing An Agricultural Business

Instructions: Your assignment is to choose an Agricultural business you would like to open. Before you consider whom you'll hire and what your inventory will be, you have to come up with a marketing plan. In the space below, write down your choice of business and the marketing plan you've developed to ensure it is successful.

Agricultural Business: _____

Marketing Plan: