

Marketing Plan

The Marketing Plan: An Introduction (pp A1–A2)

As a marketer, you'll need a good marketing plan to provide direction and focus for your brand, product, or company. With a detailed plan, any business will be better prepared to launch a new product or build sales for existing products. Nonprofit organizations also use marketing plans to guide their fund-raising and outreach efforts. Even government agencies develop marketing plans for initiatives such as building public awareness of proper nutrition and stimulating area tourism.

The Purpose and Content of a Marketing Plan

Unlike a business plan, which offers a broad overview of the entire organization's mission, objectives, strategy, and resource allocation, a marketing plan has a more limited scope. It serves to document how the organization's strategic objectives will be achieved through specific marketing strategies and tactics, with the customer as the starting point. It is also linked to the plans of other departments within the organization.

Suppose a marketing plan calls for selling 200,000 units annually. The production department must gear up to make that many units, the finance department must arrange funding to cover the expenses, the human resources department must be ready to hire and train staff, and so on. Without the appropriate level of organizational support and resources, no marketing plan can succeed.

Although the exact length and layout will vary from company to company, a marketing plan usually contains the elements described in Chapter 2. Smaller businesses may create shorter or less formal marketing plans, whereas corporations frequently require highly structured marketing plans. To effectively guide implementation, every part of the plan must be described in great detail. Sometimes a company will post its marketing plan on an internal Web site, which allows managers and employees in different locations to consult specific sections and collaborate on additions or changes.

The Role of Research

Marketing plans are not created in a vacuum. To develop successful strategies and action programs, marketers require up-to-date information about the environment, the competition, and the market segments to be served. Often, an analysis of internal data is the starting point for assessing the current marketing situation; this is supplemented by marketing intelligence and research investigating the overall market, the competition, key issues, and threats and opportunities. As the plan is implemented, marketers use a variety of research techniques to measure progress toward objectives and identify areas for improvement if the results fall short of projections.

Finally, marketing research helps marketers learn more about their customers' requirements, expectations, perceptions, and satisfaction levels. This deeper understanding is the foundation for building competitive advantage through well-informed segmenting, targeting, differentiating, and positioning decisions. Thus, the marketing plan should outline what marketing research will be conducted and how the findings will be applied.

The Role of Relationships

The marketing plan shows how the company will establish and maintain profitable customer relationships. It also shapes several internal and external relationships. First, it affects how marketing personnel work with each other and with other departments to deliver value and satisfy customers. Second, it affects how the company works with suppliers, distributors, and strategic alliance partners to achieve the objectives in the plan. Third, it influences the company's dealings with other stakeholders, including government regulators, the media, and the community at large. All of these relationships are important to the organization's success, so they should be considered when a marketing plan is being developed.

From Marketing Plan to Marketing Action

Companies generally create yearly marketing plans, although some plans cover longer periods of time. Marketers start planning well in advance of the implementation date to allow time for marketing research, thorough analysis, management review, and coordination between departments. Then, after each action program begins, marketers monitor ongoing results, compare them with projections, analyze any differences, and take corrective steps as needed. Some marketers also prepare contingency plans if certain conditions emerge. Because of inevitable and sometimes unpredictable environmental changes, marketers must be ready to update and adapt marketing plans at any time.

For effective implementation and control, the marketing plan should define how progress toward objectives will be measured. Managers typically use budgets, schedules, and performance standards for monitoring and evaluating results. With budgets, they can compare planned expenditures with actual expenditures for a given week, month, or other time period. Schedules allow management to see when tasks were supposed to be completed and when they were actually completed. Performance standards track the outcomes of marketing programs to see whether the company is moving toward its objectives. Some examples of performance standards are market share, sales volume, product profitability, and customer satisfaction.

Sample Marketing Plan for Sonic (pp A2–A10)

This section takes you inside the sample marketing plan for Sonic, a hypothetical start-up company. The company's first product is the Sonic 1000, a multimedia, cellular/Wi-Fi-enabled smartphone. Sonic will be competing with Apple, Nokia, Research in Motion, Motorola, Samsung, and other well-established rivals in a crowded, fast-changing marketplace for smartphones that combine communication, entertainment, and storage functionality. The marginal definitions explain the purpose and function of each section of the plan.

Executive summary

This section summarizes and overviews the main goals, recommendations, and points for senior managers who will read and approve the marketing plan. For management convenience, a table of contents usually follows this section.

Executive Summary

Sonic is preparing to launch a new multimedia, dual-mode smartphone, the Sonic 1000, in a mature market. Our product offers a competitively unique combination of advanced features and functionality at a value-added price. We are targeting specific segments in the consumer and business markets, taking advantage of opportunities indicated by higher demand for easy-to-use smartphones with expanded communications, entertainment, and storage functionality.

The primary marketing objective is to achieve first-year U.S. sales of 500,000 units. The primary financial objectives are to achieve first-year sales revenues of \$75 million, keep first-year losses under \$8 million, and break even early in the second year.

Current marketing situation

In this section, marketing managers discuss the overall market, identify the market segments they will target, and provide information about a company's current situation.

Current Marketing Situation

Sonic, founded 18 months ago by two entrepreneurs with experience in the PC market, is about to enter the mature smartphone market. Multifunction cell phones, e-mail devices, and wireless communication devices are commonplace for both personal and professional

use. Research shows that the United States has 262 million wireless phone subscribers, and 85 percent of the population owns a cell phone.

Competition is therefore more intense even as demand flattens, industry consolidation continues, and pricing pressures squeeze profitability. Worldwide, Nokia is the smartphone leader, with 38 percent of the global market. The runner-up is Research in Motion, maker of the BlackBerry, with 18 percent of the global market. In the U.S. market, Research in Motion is the market leader (with a 32.1 percent share) and Apple, maker of the iPhone, is the runner-up (with a 21.7 percent share). To gain market share in this dynamic environment, Sonic must carefully target specific segments with features that deliver benefits valued by each customer group.

Market description

Describes the targeted segments in detail and provides context for the marketing strategies and detailed action programs discussed later in the plan.

Benefits and product features

Table A1.1 clarifies the benefits that product features will deliver to satisfy the needs of customers in each targeted segment.

Market Description

Sonic’s market consists of consumers and business users who prefer to use a single device for communication, information storage and exchange, and entertainment on the go. Specific segments being targeted during the first year include professionals, corporations, students, entrepreneurs, and medical users. ● **Table A1.1** shows how the Sonic 1000 addresses the needs of targeted consumer and business segments.

Buyers can choose among models based on several different operating systems, including systems from Microsoft, Symbian, BlackBerry, and Linux variations. Sonic licenses a Linux-based system because it is somewhat less vulnerable to attack by hackers and viruses. Hard drives and removable memory cards are popular smartphone options. Sonic is equipping its first entry with an ultrafast, 20-gigabyte removable memory card for information and entertainment storage. This will allow users to transfer photos and other data from the smartphone to a home or office computer. Technology costs are decreasing even as capabilities are

● **TABLE | A1.1** Segment Needs and Corresponding Features/Benefits

Targeted Segment	Customer Needs	Corresponding Features/Benefits
Professionals (consumer market)	<ul style="list-style-type: none"> Stay in touch conveniently and securely while on the go Perform many functions hands-free without carrying multiple gadgets 	<ul style="list-style-type: none"> Built-in cell phone and push-to-talk feature to communicate anywhere at any time Wireless e-mail/Web access from anywhere Linux operating system that is less vulnerable to hackers Voice-activated applications are convenient GPS functionality and camera add value
Students (consumer market)	<ul style="list-style-type: none"> Perform many functions hands-free without carrying multiple gadgets Express style and individuality 	<ul style="list-style-type: none"> Compatible with numerous applications and peripherals for convenient, cost-effective communication and entertainment Variety of smartphone cases
Corporate users (business market)	<ul style="list-style-type: none"> Security and adaptability for proprietary tasks Obtain driving directions to business meetings 	<ul style="list-style-type: none"> Customizable to fit corporate tasks and networks Linux-based operating system less vulnerable to hackers Built-in GPS allows voice-activated access to directions and maps
Entrepreneurs (business market)	<ul style="list-style-type: none"> Organize and access contacts, schedule details, and business and financial files Get in touch fast 	<ul style="list-style-type: none"> Hands-free, wireless access to calendar, address book, information files for checking appointments and data, and connecting with contacts Push-to-talk instant calling speeds up communications
Medical users (business market)	<ul style="list-style-type: none"> Update, access, and exchange medical records Photograph medical situations to maintain a visual record 	<ul style="list-style-type: none"> Removable memory card and hands-free, wireless information recording reduces paperwork and increases productivity Built-in camera allows fast and easy photography and stores images for later retrieval

Product review

The product review summarizes the main features for all of a company's products, organized by product line, type of customer, market, and/or order of product introduction.

Competitive review

The purpose of a competitive review is to identify key competitors, describe their market positions, and briefly discuss their strategies.

increasing, which makes value-priced models more appealing to consumers and business users with older devices who want to trade up to new, high-end multifunction units.

Product Review

Our first product, the Sonic 1000, offers the following standard features with a Linux operating system:

- Built-in dual cell phone/Internet phone functionality and push-to-talk instant calling
- Digital music/video/television recording, wireless downloading, and playback
- Wireless Web, e-mail, text messaging, and instant messaging
- 3.5-inch color screen for easy viewing
- Organization functions, including calendar, address book, and synchronization
- GPS for directions and maps
- Integrated 4-megapixel digital camera
- Ultrafast, 20-gigabyte removable memory card with upgrade potential
- Interchangeable case wardrobe of different colors and patterns
- Voice recognition functionality for hands-free operation

First-year sales revenues are projected to be \$75 million, based on sales of 500,000 Sonic 1000 units at a wholesale price of \$150 each. During the second year, we plan to introduce the Sonic 2000, also with a Linux operating system, as a higher-end smartphone product offering the following standard features:

- Global phone and messaging compatibility
- Translation capabilities to send English text as Spanish text (other languages to be offered as add-on options)
- Integrated 8-megapixel camera with flash

Competitive Review

The emergence of lower-priced smartphones, including the Apple iPhone, has increased competitive pressure. Competition from specialized devices for text and e-mail messaging, such as BlackBerry devices, is a major factor, as well. Key competitors include the following:

- *Nokia*. The market leader in smartphones, Nokia offers a wide range of products for personal and professional use. It purchased the maker of the Symbian operating system and made it into a separate foundation dedicated to improving and promoting this mobile software platform. Many of Nokia's smartphones offer full keyboards, similar to Research in Motion models. Nokia also offers stripped-down models for users who do not require the full keyboard and full multimedia capabilities.
- *Apple*. The stylish and popular iPhone 4 has a 3.5-inch color screen and is well equipped for music, video, and Web access; it also has communication, calendar, contact management, and file management functions. Its global positioning system technology can pinpoint a user's location. Also, users can erase data with a remote command if the smartphone is lost or stolen. However, AT&T was for years the only U.S. network provider. Apple has only recently added new providers. The iPhone 4 is priced at \$199 for the 16GB model and \$299 for the 32GB model.
- *RIM*. Lightweight BlackBerry wireless multifunction products are manufactured by Research in Motion and are especially popular among corporate users. RIM's continuous innovation and solid customer service strengthen its competitive standing as it introduces smartphones with enhanced features and communication capabilities. Its newest BlackBerry, the Torch 9800, is the company's first touch-screen smartphone that includes a full keyboard. Priced at \$199 with a two-year AT&T contract, the Torch competes with its iPhone and Android rivals.
- *Motorola*. Motorola, a global giant, has been losing U.S. market share to Apple and Research in Motion because it has slowed the pace of new product introduction. However,

Motorola is now showing signs of improvement as it taps into the Android operating system market with its newest smartphone, the Droid X. Boasting an 8-megapixel camera, 4.3-inch screen, and Google services ranging from voice search to Gmail, the Droid X is priced at \$200 (after \$100 mail-in rebate and a two-year Verizon Wireless contract).

- *Samsung.* Value, style, function—Samsung is a strong competitor and offers a variety of smartphones for consumer and business segments. Some of its smartphones are available for specific telecommunications carriers, and some are “unlocked,” ready for any compatible telecommunications network. Its newest smartphones, the Galaxy S series, are available with the top four U.S. wireless carriers. The Captivate model features a 4-inch AMOLED touch screen and a 5-megapixel camera for \$199 with a two-year contract.

Despite this strong competition, Sonic can carve out a definite image and gain recognition among the targeted segments. Our voice-recognition system for completely hands-free operation is a critical point of differentiation for competitive advantage. Also, offering GPS as a standard feature gives us a competitive edge compared with similarly priced smartphones. Moreover, our product is speedier than most and runs on the Linux operating system, which is an appealing alternative for customers concerned about security. ● **Table A1.2** shows a sample of competitive products and prices.

Channels and logistics review

In this section, marketers list the most important channels, overview each channel arrangement, and identify developing issues in channels and logistics.

Channels and Logistics Review

Sonic-branded products will be distributed through a network of retailers in the top 50 U.S. markets. Some of the most important channel partners are as follows:

- *Office supply superstores.* Office Max and Staples will both carry Sonic products in stores, in catalogs, and online.
- *Computer stores.* Independent computer retailers will carry Sonic products.
- *Electronics specialty stores.* Circuit City and Best Buy will feature Sonic products.
- *Online retailers.* Amazon.com will carry Sonic products and, for a promotional fee, will give Sonic prominent placement on its homepage during the introduction.

Initially, our channel strategy will focus on the United States; according to demand, we plan to expand into Canada and beyond, with appropriate logistical support.

● **TABLE | A1.2** Sample of Competitive Products and Pricing

Competitor	Model	Features	Price
Nokia	E71 classic	Quad-band for worldwide phone, e-mail and Internet access; monoblock with full keyboard; corporate and personal e-mail integration; 2.36-inch screen; 3.2-megapixel camera; media player; Symbian operating system	\$249 without phone contract
Apple	iPhone 4	Sleek styling; 3.5-inch screen; fast Internet functions; one-touch calling; GPS navigation; voice commands; integrated personal and corporate e-mail; open and edit Microsoft Office files; 5-megapixel camera; no keyboard; Apple operating system	\$199 for 16GB model; \$299 for 32GB model
RIM	BlackBerry Torch 9800	High-resolution, 3.2-inch touch screen display; slide-out full keyboard; wireless e-mail and Internet access; 5-megapixel camera; built-in maps and GPS; camera and video recording; expandable memory; Blackberry operating system	\$199 with two-year contract
Motorola	Droid X	4.3-inch high-resolution touch screen; 8-megapixel camera with video capabilities; no keyboard; voice activated dialing; Google mobile services; FM radio; Android operating system	\$299 with two-year phone contract
Samsung	Captivate	Social network integration; embedded GPS; 4-inch AMOLED touch screen; 5-megapixel camera; audio and HD video capabilities; Android operating system	\$199.99 with two-year phone contract

Strengths, Weaknesses, Opportunities, and Threat Analysis

Sonic has several powerful strengths on which to build, but our major weakness is a lack of brand awareness and image. The major opportunity is the demand for multimedia smartphones that deliver a number of valued benefits, eliminating the need for customers to carry more than one device. We also face the threat of ever-higher competition from consumer electronics manufacturers, as well as downward pricing pressure. ● **Table A1.3** summarizes Sonic’s main strengths, weaknesses, opportunities, and threats.

Strengths

Strengths are internal capabilities that can help a company reach its objectives.

Weaknesses

Weaknesses are internal elements that may interfere with a company’s ability to achieve its objectives.

Opportunities

Opportunities are external elements that a company may be able to exploit to its advantage.

Strengths

Sonic can build on three important strengths:

1. *Innovative product.* The Sonic 1000 offers a combination of features that would otherwise require customers to carry multiple devices: speedy, hands-free, dual-mode cell/Wi-Fi telecommunications capabilities; GPS functionality; and digital video/music/television program storage and playback.
2. *Security.* Our smartphone uses a Linux-based operating system that is less vulnerable to hackers and other security threats that can result in stolen or corrupted data.
3. *Pricing.* Our product is priced lower than many competing multifunction models—none of which offer the same bundle of features—which gives us an edge with price-conscious customers.

Weaknesses

By waiting to enter the smartphone market until some consolidation of its competitors has occurred, Sonic has learned from the successes and mistakes of others. Nonetheless, we have two main weaknesses:

1. *Lack of brand awareness.* Sonic has no established brand or image, whereas Apple and others have strong brand recognition. We will address this issue with aggressive promotion.
2. *Physical specifications.* The Sonic 1000 is slightly heavier and thicker than most competing models because it incorporates multiple features, offers sizable storage capacity, and is compatible with numerous peripheral devices. To counteract this weakness, we will emphasize our product’s benefits and value-added pricing, which are two compelling competitive strengths.

Opportunities

Sonic can take advantage of two major market opportunities:

1. *Increasing demand for multimedia smartphones with multiple functions.* The market for multimedia, multifunction devices is growing much faster than the market for single-

● **TABLE | A1.3** Sonic’s Strengths, Weaknesses, Opportunities, and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Innovative combination of functions in one portable, voice-activated device • Security due to a Linux-based operating system • Value pricing 	<ul style="list-style-type: none"> • Lack of brand awareness and image • Heavier and thicker than most competing models
Opportunities	Threats
<ul style="list-style-type: none"> • Increased demand for multimedia, multifunction smartphones • Cost-efficient technology 	<ul style="list-style-type: none"> • Intense competition • Downward pricing pressure • Compressed product life cycle

use devices. Growth will accelerate as dual-mode capabilities become mainstream, giving customers the flexibility to make phone calls over cell or Internet connections. Smartphones are already commonplace in public, work, and educational settings, which is boosting primary demand. Also, customers who bought entry-level models are replacing older models with more advanced models.

2. *Cost-efficient technology.* Better technology is now available at a lower cost than ever before. Thus, Sonic can incorporate advanced features at a value-added price that allows for reasonable profits.

Threats

Threats are current or emerging external elements that could potentially challenge a company's performance.

Threats

We face three main threats with the introduction of the Sonic 1000:

1. *Increased competition.* More companies are entering the U.S. market with smartphone models that offer some but not all the features and benefits provided by Sonic's product. Therefore, Sonic's marketing communications must stress our clear differentiation and value-added pricing.
2. *Downward pressure on pricing.* Increased competition and market-share strategies are pushing smartphone prices down. Still, our objective of seeking a 10 percent profit on second-year sales of the original model is realistic, even given the lower margins in this market.
3. *Compressed product life cycle.* Smartphones have reached the maturity stage of their life cycle more quickly than earlier technology products. We have contingency plans to keep sales growing by adding new features, targeting additional segments, and adjusting prices as needed.

Objectives and issues

A company's objectives should be defined in specific terms so management can measure progress and plan corrective action, if needed, to stay on track. This section describes any major issues that might affect a company's marketing strategy and implementation.

Objectives and Issues

We have set aggressive but achievable objectives for the first and second years of market entry.

- *First-year objectives.* During the Sonic 1000's initial year on the market, we are aiming for unit sales volume of 500,000.
- *Second-year objectives.* Our second-year objectives are to sell a combined total of one million units of our two models and break even early in this period.

Issues

In relation to the product launch, our major issue is the ability to establish a well-regarded brand name linked to meaningful positioning. We will invest heavily in marketing to create a memorable and distinctive brand image projecting innovation, quality, and value. We also must measure awareness and response so we can adjust our marketing efforts as necessary.

Marketing Strategy

Sonic's marketing strategy is based on a positioning of product differentiation. Our primary consumer target is middle- to upper-income professionals who need one portable device to coordinate their busy schedules, communicate with family and colleagues, get driving directions, and be entertained on the go. Our secondary consumer target is high school, college, and graduate students who want a multimedia, dual-mode device. This segment can be described demographically by age (16–30) and educational attainment level.

Our primary business target is mid- to large-sized corporations that want to help their managers and employees stay in touch and be able to input or access critical data when not in the office. This segment consists of companies with more than \$25 million in annual sales and more than 100 employees. We are also targeting entrepreneurs and small-business owners as well as medical users who want to update or access patients' medical records while reducing paperwork.

Positioning

Positioning built on meaningful differentiation, supported by appropriate strategy and implementation, can help a company build competitive advantage.

Marketing tools

This section summarizes the broad logic that will guide decisions made during the period covered by the plan.

Marketing research

This section shows how marketing research will be used to support development, implementation, and evaluation of strategies and action programs.

Marketing organization

The marketing department may be organized by function, as in this sample, geography, product, or customer (or some combination thereof).

Positioning

Using product differentiation, we are positioning the Sonic as the most versatile, convenient, and value-added model for personal and professional use. Our marketing will focus on hands-free operation of multiple communication, entertainment, and information capabilities that differentiate the Sonic 1000 from its competitors.

Product Strategy

The Sonic 1000, including all the features described earlier, will be sold with a one-year warranty. We will introduce a more compact, powerful high-end model (the Sonic 2000) in the second year. Building the Sonic brand is an integral part of our product strategy. The brand and logo (Sonic's distinctive yellow thunderbolt) will be displayed on the product and its packaging and reinforced by its prominence in the introductory marketing campaign.

Pricing Strategy

The Sonic 1000 will be introduced at \$150 wholesale/\$199 estimated retail price per unit. We expect to lower the price of this first model when we expand the product line by launching the Sonic 2000, whose wholesale price will be \$175 per unit. These prices reflect a strategy of attracting desirable channel partners and taking share from Nokia, Research in Motion, Motorola, and other established competitors.

Distribution Strategy

Our channel strategy is to use selective distribution, marketing Sonic smartphones through well-known stores and online retailers. During the first year, we will add channel partners until we have coverage in all major U.S. markets and the product is included in the major electronics catalogs and Web sites. We will also investigate distribution through cell-phone outlets maintained by major carriers, such as Verizon Wireless. In support of our channel partners, Sonic will provide demonstration products, detailed specification handouts, and full-color photos and displays featuring the product. Finally, we plan to arrange special payment terms for retailers that place volume orders.

Marketing Communications Strategy

By integrating all messages in all media, we will reinforce the brand name and the main points of product differentiation. Research about media consumption patterns will help our advertising agency choose appropriate media and timing to reach prospects before and during product introduction. Thereafter, advertising will appear on a pulsing basis to maintain brand awareness and communicate various differentiation messages. The agency will also coordinate public relations efforts to build the Sonic brand and support the differentiation message. To create buzz, we will host a user-generated video contest on our Web site. To attract, retain, and motivate channel partners for a push strategy, we will use trade sales promotions and personal selling. Until the Sonic brand has been established, our communications will encourage purchases through channel partners rather than from our Web site.

Marketing Research

Using research, we are identifying the specific features and benefits that our target market segments value. Feedback from market tests, surveys, and focus groups will help us develop the Sonic 2000. We are also measuring and analyzing customers' attitudes toward competing brands and products. Brand awareness research will help us determine the effectiveness and efficiency of our messages and media. Finally, we will use customer satisfaction studies to gauge market reaction.

Marketing Organization


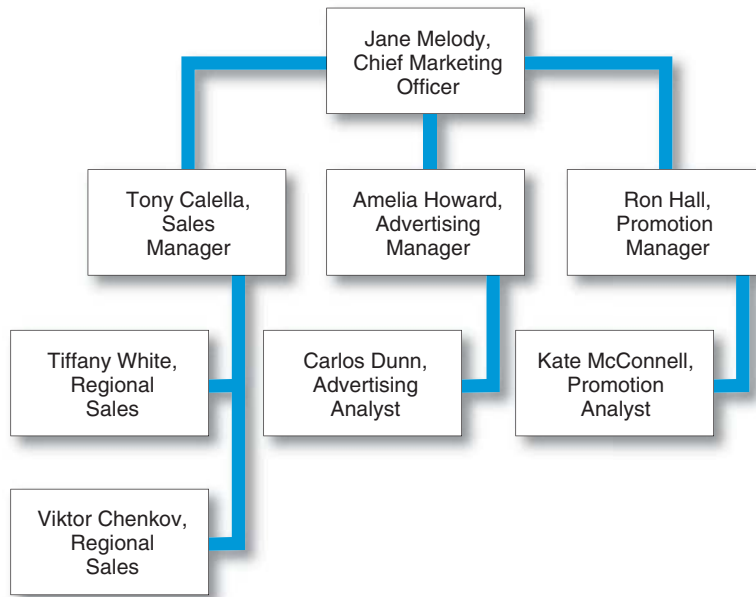
Sonic's chief marketing officer, Jane Melody, holds overall responsibility for all marketing activities.  **Figure A1.1** shows the structure of the eight-person marketing organization. Sonic has hired Worldwide Marketing to handle national sales campaigns, trade and consumer sales promotions, and public relations efforts.

FIGURE | A1.1
Sonic's Marketing Organization



Action programs

Action programs should be coordinated with the resources and activities of other departments, including production, finance, and purchasing.

Action Programs

The Sonic 1000 will be introduced in February. The following are summaries of the action programs we will use during the first six months of next year to achieve our stated objectives.

- *January.* We will launch a \$200,000 trade sales promotion campaign and exhibit at the major industry trade shows to educate dealers and generate channel support for the product launch in February. Also, we will create buzz by providing samples to selected product reviewers, opinion leaders, influential bloggers, and celebrities. Our training staff will work with retail sales personnel at major chains to explain the Sonic 1000's features, benefits, and advantages.
- *February.* We will start an integrated print/radio/Internet advertising campaign targeting professionals and consumers. The campaign will show how many functions the Sonic smartphone can perform and emphasize the convenience of a single, powerful handheld device. This multimedia campaign will be supported by point-of-sale signage as well as online-only ads and video tours.
- *March.* As the multimedia advertising campaign continues, we will add consumer sales promotions, such as a contest in which consumers post videos to our Web site showing how they use the Sonic in creative and unusual ways. We will also distribute new point-of-purchase displays to support our retailers.
- *April.* We will hold a trade sales contest offering prizes for the salesperson and retail organization that sells the most Sonic smartphones during the four-week period.
- *May.* We plan to roll out a new national advertising campaign this month. The radio ads will feature celebrity voices telling their Sonic smartphones to perform various functions, such as initiating a phone call, sending an e-mail, playing a song or video, and so on. The stylized print and online ads will feature avatars of these celebrities holding their Sonic smartphones.
- *June.* Our radio campaign will add a new voice-over tagline promoting the Sonic 1000 as a graduation gift. We will also exhibit at the semiannual electronics trade show and provide channel partners with new competitive comparison handouts as a sales aid. In addition, we will tally and analyze the results of customer satisfaction surveys for use in future promotions and provide feedback for product and marketing activities.

Budgets

Managers use budgets to project profitability and plan for each marketing program's expenditures, scheduling, and operations.

Controls

Controls help management assess results after the plan is implemented, identify any problems or performance variations, and initiate corrective action.

Budgets

Total first-year sales revenue for the Sonic 1000 is projected at \$75 million, with an average wholesale price of \$150 per unit and a variable cost per unit of \$100 for 500,000 units. We anticipate a first-year loss of up to \$8 million on the Sonic 1000 model. Break-even calculations indicate that the Sonic 1000 will become profitable after the sales volume exceeds 650,000, which we anticipate early in the product's second year. Our break-even analysis of Sonic's first smartphone product assumes wholesale revenue of \$150 per unit, variable cost of \$100 per unit, and estimated first-year fixed costs of \$32,500,000. Based on these assumptions, the break-even calculation is as follows:

$$\frac{\$32,500,000}{\$150/\text{unit} - \$100/\text{unit}} = 650,000 \text{ units}$$

Controls

We are planning tight control measures to closely monitor quality and customer service satisfaction. This will enable us to react very quickly to correct any problems that may occur. Other early warning signals that will be monitored for signs of deviation from the plan include monthly sales (by segment and channel) and monthly expenses. Given the market's volatility, we are developing contingency plans to address fast-moving environmental changes, such as new technology and new competition.

Marketing Plan Tools

Prentice Hall offers two valuable resources to assist you in developing a marketing plan:

- *The Marketing Plan Handbook* by Marian Burk Wood explains the process of creating a marketing plan and includes detailed checklists and dozens of real-world examples.
- *Marketing Plan Pro* is an award-winning software package that includes sample plans, step-by-step guides, an introductory video, help wizards, and customizable charts for documenting a marketing plan.

Sources: Background information and market data adapted from Matt Gallagher, "Blackberry Gets Smarter," *Red Herring*, August 3, 2010, p. 5; Dan Moren and Jason Snell, "Meet the iPhone 4," *Macworld*, August 2010, pp. 22–23; Walter S. Mossberg, "Galaxy Phones from Samsung Are Worthy iPhone Rivals," *Wall Street Journal* (Eastern Edition), July 22, 2010, pp. D1–D5; Hester Plumridge, "Nokia Dials New Number for Success," *Wall Street Journal* (Eastern Edition), July 21, 2010, p. C16; Rich Jaroslovsky, "Motorola's New Mojo," *Bloomberg Businessweek*, July 12, 2010, p. 72; Edward C. Baig, "Droid X Marks All the Right Spots; Android Phone Could Challenge iPhone 4," *USA Today*, July 1, 2010, p. 3B; Arik Hesseldahl, "Nokia's Kallasvuo: We Must 'Move Even Faster,'" *Businessweek Online*, March 17, 2010, p. 1; Ginny Miles, "The Hottest Smartphones of the Season," *PC World*, September 2009, pp. 44–48; "Android Smart Phone Shipments Grow 886% Year-on-Year in Q2 2010," www.canalys.com/pr/2010/r2010081.html, accessed August 2010.