

AN EXAMPLE OF A MARKETING PLAN

SPREE WATCH MARKETING PLAN SUMMARY

Based on an evaluation of the watch market and our strengths, General will introduce the Spree watch.

SITUATION ANALYSIS

Half the buyers of branded fashion watches are between 18 and 34 years of age. This group, which purchases more watches per capita than those older, is our primary market segment. Watch purchases are more likely by consumers in the northeast and Midwest. Many purchases are expected to be impulse, requiring strong point-of-purchase support. Seventy percent of the market is concentrated with strong competition from Swatch, Fossil, Guess?, and Anne Kline. We have extensive experience in the manufacture of innovative, high quality, precision plastics and timing devices permitting us to offer the consumer value in a branded fashion watch. Additionally, we have experience distributing products into 75 percent of the outlets for branded fashion watches.

OBJECTIVES

The combination of a unique, cost-effective design allows us to establish a three percent market share in the first year. The Spree watch project will break-even in 1998.

MARKETING STRATEGIES

General will introduce a new product, the innovative Spree watch, using penetration pricing, extensive advertising, and expanded distribution in order to increase our revenues and growth rate.

ACTION PLAN

The Spree watch has strong product benefits compared to current market offerings. To achieve our objectives we will offer our unique watch in a variety of designs at a suggested retail price of \$45. Our current distribution covers 75 percent of the market. At this time we will not expand our distribution to access the jewelry store retail channel. We will increase our sales force by 5 persons and add a sales trainer to support for our market plan. Advertising of one million dollars will emphasize the unique design of the watch and is weighted toward print and point-of-purchase displays. This and television advertising will be scheduled two-thirds in the first six months of the campaign. To achieve consumer awareness in the first year, our advertising voice share will be considerably higher than that of the four market leaders.

FINANCIAL ANALYSIS AND EXPECTED RESULTS

We expect first year sales of 8.5 million dollars and project break-even for the project in the first year.

CONTINGENCY PLANS

If the competition increases advertising or our sales are less than expected, we are prepared to add as much \$500,000 to our advertising budget.

SPREE - THE MARKET PLAN

SITUATION ANALYSIS

General's core business is industrial timing devices and consumer clocks, based on skills in manufacturing high quality timing movements and plastic casings. This market plan is based on providing consumers with a high quality, innovative watch. It will be offered in a variety of styles for both men and women. The casing and movement has other potential applications not discussed in this plan.

Our 1995 profits of 30 million dollars represent 7.5 percent of total sales. Sales growth has slowed to a current level of 5 percent annually. Growth in current markets is expected to be limited. The Spree watch is one of several projects with the potential to improve General's growth rate.

Market Analysis

The Spree watch will compete directly with several other branded fashion watches. The market size for branded fashion watches is forecast to be \$524 million retail dollars in 1998, growing to \$721 million by 2002. Annual market growth is expected to exceed six percent through 2002, exceeding our current annual sales growth.

Market Segments

Table 1: Market Segments by Age

AGE	PERCENT OF WATCH BUYERS	PERCENT OF POPULATION OVER 17	RELATIVE PURCHASE INDEX
18-24	19%	13%	1.46
25-34	33	19	1.74
35-54	35	40	0.88
55+	13	29	0.45

Those under 35 years of age purchase slightly over 50 percent of all branded fashion watches as shown in the Table 1. The highest purchase prevalence is those from 25 to 34 who purchase 74 percent more watches per capita than those the average consumer. Purchase behavior is expected to differ among age segments and by gender. Young females [18-24 years of age] are expected to be intense purchasers. This group is likely to be very styling conscious. Women in the 25 to 34 age group will be our second significant segment, expected to buy more watches than any other age-sex segment.

Consumer purchases of branded fashion watches also vary by region as shown in Table 2. An index of relative watch sales by regions shows that sales are above average in the east north central, west north central, north central, and midatlantic

states. Product introduction is likely to be more successful in the states in these regions.

Table 2: Watch Sales by Region

REGION	WATCH SALES	POPULATION %	INDEX OF WATCH SALES
ENC	20%	15%	1.33
SA	16	17	0.94
MA	15	13	1.15
WEST	15	21	0.71
WSC	10	10	1.00
WNC	8	7	1.14
NE	6	5	1.20
ESC	5	6	0.83
MOUNT	5	6	0.83

Consumer Behavior

Swatch has changed watch buying habits by encouraging ownership of multiple low-priced, carefully designed branded fashion watches. Brand switching and experimentation by consumers is easy for low priced watches, assuming availability. Consumers are very design oriented when buying branded fashion watches. Watch attributes that we consider most important include watch and band design, packaging, price, and durability. Distribution and display are very important in this market and can encourage impulse purchases for both personal use and as gifts.

Consumers are reached through five types of outlets.. We currently have access to four of these channels, representing 75 percent of watch sales. Channel development is necessary to reach the total watch market. A majority of branded fashion watches are currently purchased at department stores. We will take advantage of our strong distribution through department, discount, and drug stores to assure widespread availability of Spree watches. Jewelry store channel development will be deferred until we are established in our traditional retail channels.

Competitive Analysis

Although there are fourteen competitors in this market, there is substantial concentration. Swatch, Fossil, Guess?, and Anne Kline are strong competitors, holding 70 percent of the market. Swatch and Fossil have strong manufacturing and distribution skills, while Guess? and Anne Kline have less extensive distribution networks but strong name recognition in fashion. Fossil and Swatch are strong at the lower price lines. Branded fashion watches are a relatively new product category. Although pioneered by Swatch, there is considerable opportunity for new entrants as demonstrated by Fossil and Guess?.

Company Analysis

General currently distributes products through channels accounting for 75 percent of watch sales. Branded fashion watch sales are growing faster than our current product

lines. Our innovative product, product design skills, strong manufacturing skills, and experience in distributing consumer clocks provide an opportunity for entry and growth in this market.

SWOT Analysis

Strengths

- Innovative production methods provides the potential for new designs
- Experience in distribution channels for timepieces

Weaknesses

- No experience in distribution to jewelry stores
- No experience in marketing fashion products

Opportunities

- Large market
- Market growing faster than our current sales
- Consumer demand for fashion goods creates a demand for innovative products

Threats

- Strong competition with concentrated market shares
- Possibility of new market entries

OBJECTIVES

- Market share of three percent of the branded fashion watch market in the first year [sales of over 8 million dollars].
- Project break-even in 1998.

MARKETING STRATEGIES

General will introduce a new product, the innovative Spree watch, using penetration pricing, extensive advertising, and expanded distribution in order to increase our revenues and growth rate.

ACTION PLAN

Product

We will introduce between 30 to 40 different designs in the first year. One quarter of these will have a "metal" case, copying many of the traditional and modern metal designs. These are targeted at consumers 25 and over. We will design a series including licensed characters and unusual shapes for the market segment under 24 years of age. Swatch does not have exclusive licensing for Disney and Warner Brothers characters or Coke. By using these and others we will have a variety of product and character designs in our line. The most unusual aspect of our line will be some very unusual shapes. Several of these will be geometric; hexagon, trapezoid, oval, and diamond. For younger ages our technology allows the design of watches in the shapes of cartoon character faces.

Price

The Spree watch will be sold for a suggested retail price of \$45. We believe that we have product quality and feature advantages, encouraging the use of a price slightly exceeding Swatch. This pricing strategy, coupled with our efficient production methods, aids in achieving our relatively high market share for a new product entry.

Distribution

We will introduce Spree in the northeast but within the first year sell to the national market. With our current strong distribution channels nationwide covering 75 percent of watch sales, we will limit our potential if we restrict our distribution to specific regional markets. Although we do not currently have jewelry stores, our distribution will place watches in at least 75 percent of locations in the United States. We will use current normal distributor markups.

Promotion

Five new sales representatives will be added to assist in the development of new distribution outlets. A sales trainer will be hired to train the sales force in the new

product. This will be within our \$500,000 sales support budget based on an average salary and benefits cost of \$100,000 for each position.

The advertising level for the four leading firms can be compared by determining the ratio of voice share (% of total advertising dollars of \$20 million) divided by the market share as shown in Table 3. Consumers will not know our brand; therefore, we will have to advertise more aggressively to achieve brand awareness. Although our market share goal in 1998 is three percent, we will set advertising at one million dollars. This will achieve an advertising voice/market index considerably higher than our competition.