



Marketing Planning & Strategy

Session objectives

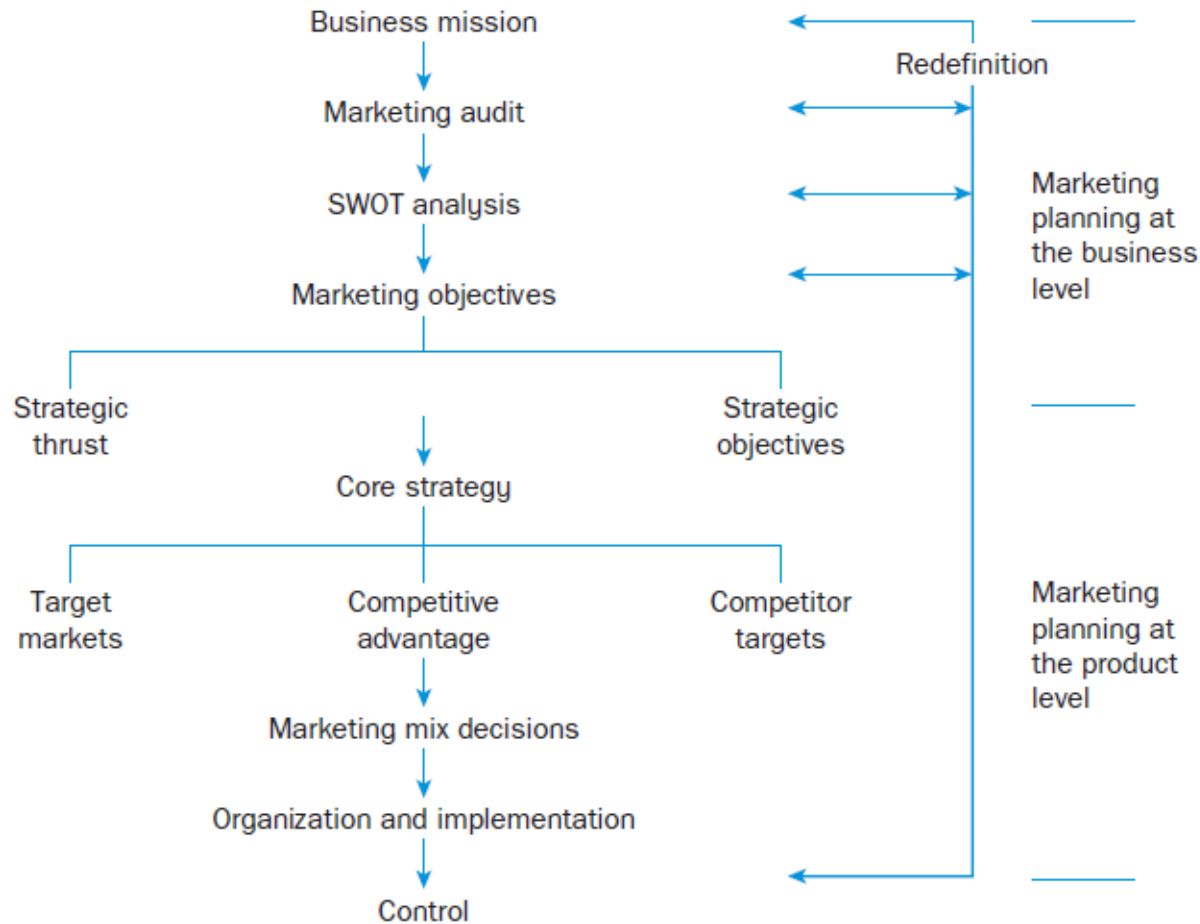
1. To evaluate the role of marketing planning in providing direction to the organisation's marketing effort and co-ordination of its activities.
2. To evaluate the relevance of conducting a marketing audit, both the external and internal audit, and to appreciate where it fits in the overall marketing planning process
3. To analyse the usefulness of the value chain framework to identify the skills and resources necessary to implement effective competitive strategies
4. To identify the four strategic options available for future marketing directions, namely, differentiation, cost leadership, differentiation focus, and cost focus.
5. To appraise the need for clear marketing objectives for successful outcomes
6. To appraise the importance of making the planning process work through top management leadership, matching planning to organizational culture, reward systems, communication and training

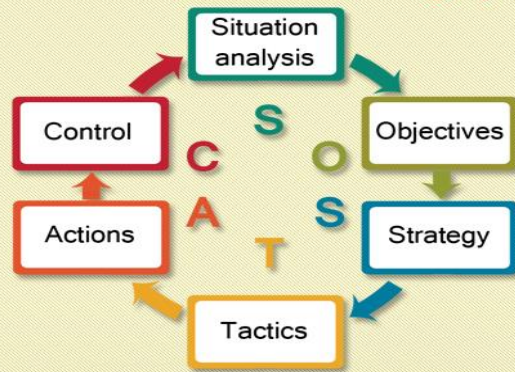
Marketing Planning

- The process by which businesses analyze the environment and their capabilities, decide upon courses of marketing action and implement those decisions is called *marketing planning*.
- Marketing planning forms part of the broader concept known as ‘**strategic planning**’; this involves not only marketing but also the fit between production, finance and personnel strategies, and the environment.
- The aim of strategic planning is to shape and reshape an organization so that its business and products continue to meet corporate objectives (e.g. profit or sales growth).

The Marketing Planning Process

Figure 12.1 The marketing planning process





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Business Mission

Ackoff defined the business mission as:

a broadly defined, enduring statement of purpose that distinguishes a business from others of its type.



Exhibit 12.2 Vision statements, such as that of Dutch healthcare company Philips, aim to inspire both employees and customers.

External Marketing Audit Checklist

Macroenvironment
Economic: inflation, interest rates, unemployment
Social/cultural: age distribution, lifestyle changes, values, attitudes
Technological: new product and process technologies, materials
Political/legal: monopoly control, new laws, regulations
Ecological: conservation, pollution, energy
The market
Market: size, growth rates, trends and developments
Customers: who are they, their choice criteria, how, when, where do they buy, how do they rate us vis-à-vis competition on product, promotion, price, distribution
Market segmentation: how do customers group, what benefits does each group seek
Distribution: power changes, channel attractiveness, growth potential, physical distribution methods, decision-makers and influencers
Suppliers: who and where they are, their competencies and shortcomings, trends affecting them, future outlook
Competition
Who are the major competitors: actual and potential
What are their objectives and strategies
What are their strengths (distinctive competencies) and weaknesses (vulnerability analysis)
Market shares and size of competitors
Profitability analysis
Entry barriers

Internal Marketing Audit Checklist

Operating results (by product, customer, geographic region)

Sales, Profit margins, costs

Market share

Strategic issues analysis

Marketing objectives

Market segmentation

Competitive advantage and Core competencies

Positioning

Portfolio analysis

Marketing operations effectiveness

Product, Price, Promotion, Distribution

Marketing structures and organization

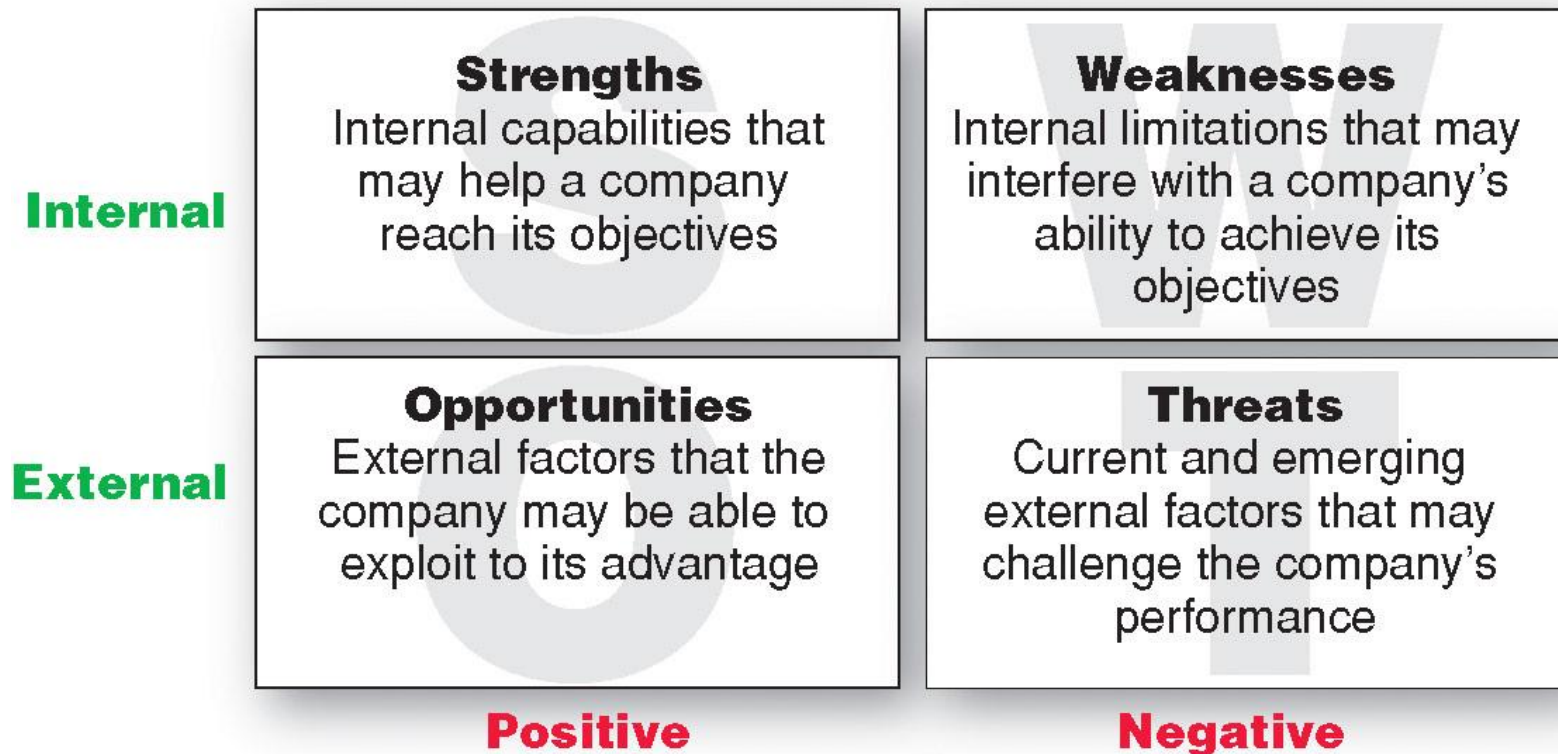
Marketing training

Intra- and interdepartmental communication

Marketing systems

Marketing information system, Marketing planning and control systems

Marketing Analysis: The SWOT (Where are we now?)



The TOWS matrix

		Internal factors	
		Strengths (S)	Weaknesses (W)
External factors	Opportunities (O)	SO Strategic options Generate options here that use strengths to take advantage of opportunities	WO Strategic options Generate options here that take advantage of opportunities by overcoming weaknesses
	Threats (T)	ST Strategic options Generate options here that use strengths to avoid threats	WT Strategic options Generate options here that minimise weaknesses and avoid threats



Sustainable Advantage

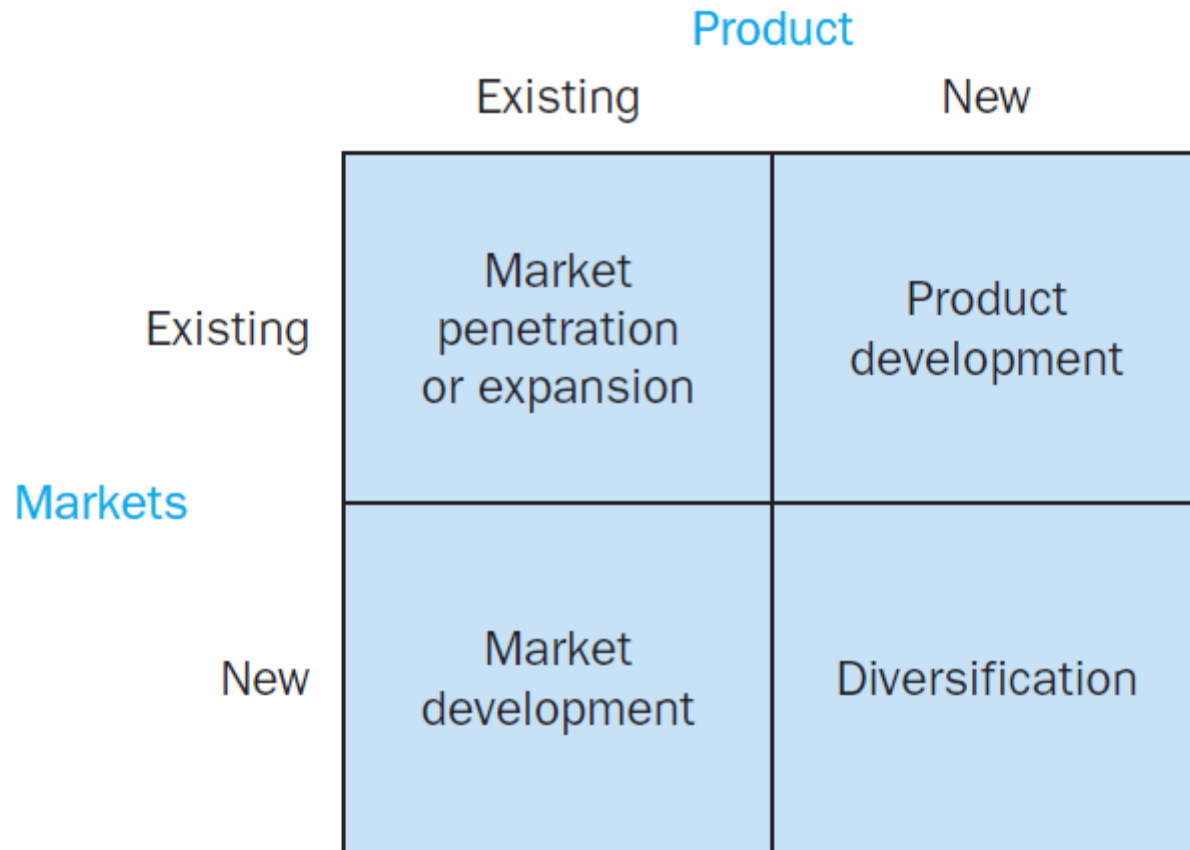
Exhibit 12.3

Dyson's design and engineering capabilities have enabled it to build sustainable advantages in product areas like vacuum cleaners.



Marketing Objectives

Figure 12.3 Product growth strategies: the Ansoff matrix



Ansoff's Matrix Example

	Existing Products	New Products
Existing Markets	Market Penetration Pricing Service Drive through Table service	Product Development McPizza McAlloo Masala Grill
New Markets	Market Development Operating in 121 countries with plans to open in Zimbabwe Ghana	Diversification McCafe



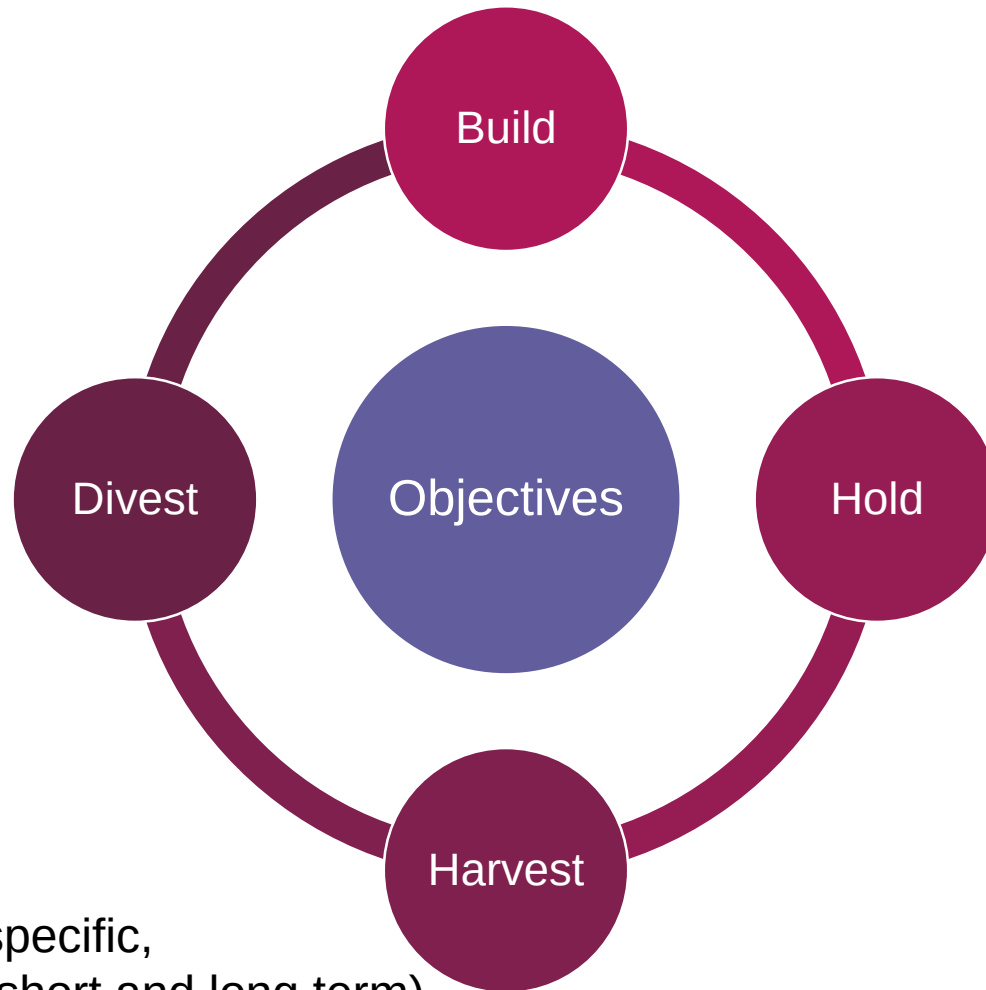
Marketing Objectives

Exhibit 12.5

Breakfast cereal manufacturers have moved into the snack food business with products like these.



Strategic Objectives



SMART or SORS (specific, optimistic, realistic, short and long term)

Marketing Strategies

- ***Differentiation strategy*** involves the choice of one or more choice criteria that are used by many buyers in an industry.

The aim is to differentiate in a way that leads to a price premium in excess of the cost of differentiating.

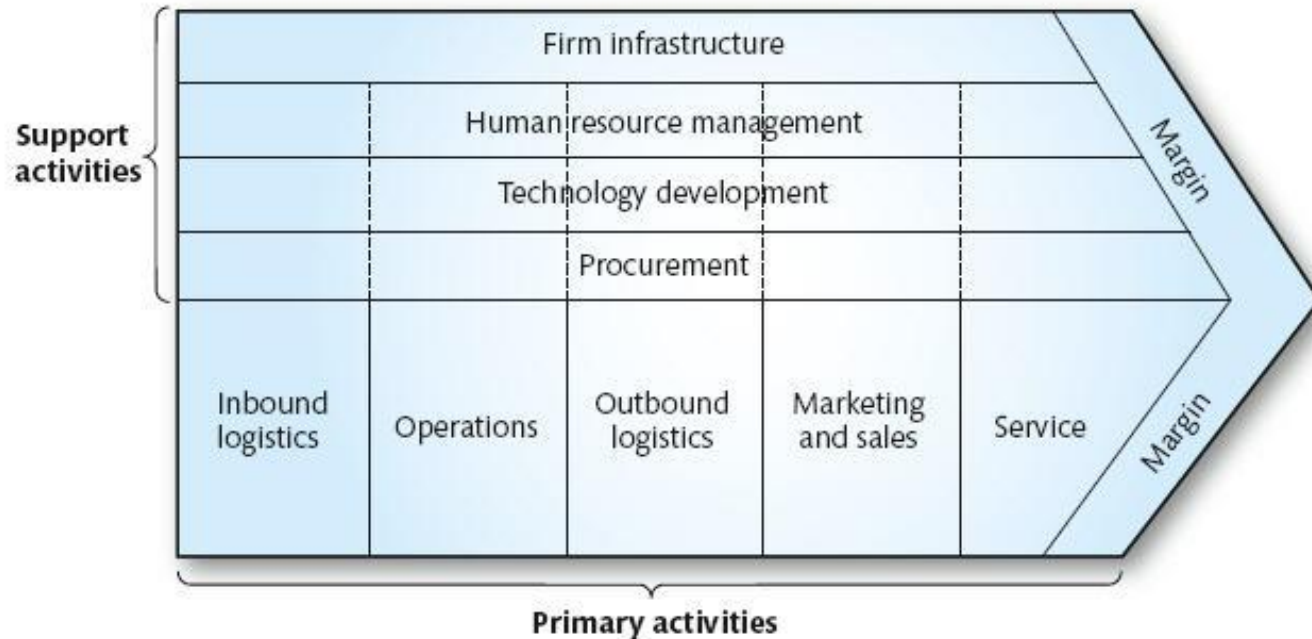
- ***The cost leadership approach*** involves the achievement of the lowest cost position in an industry.

The aim here is to achieve superior performance by ensuring that the cost advantage over the competition is not offset by the price discount.

Choosing a Competitive Strategy

- Differentiation and cost leadership strategies are incompatible in most situations: differentiation is achieved through higher costs.
- There are circumstances when both can be achieved simultaneously.
- When differentiation and cost leadership coincide, performance is exceptional since a premium price can be charged for a low-cost product.
- **Sources of Competitive Advantage:**
 - Superior skills
 - Superior resources

Value Chain



The value chain

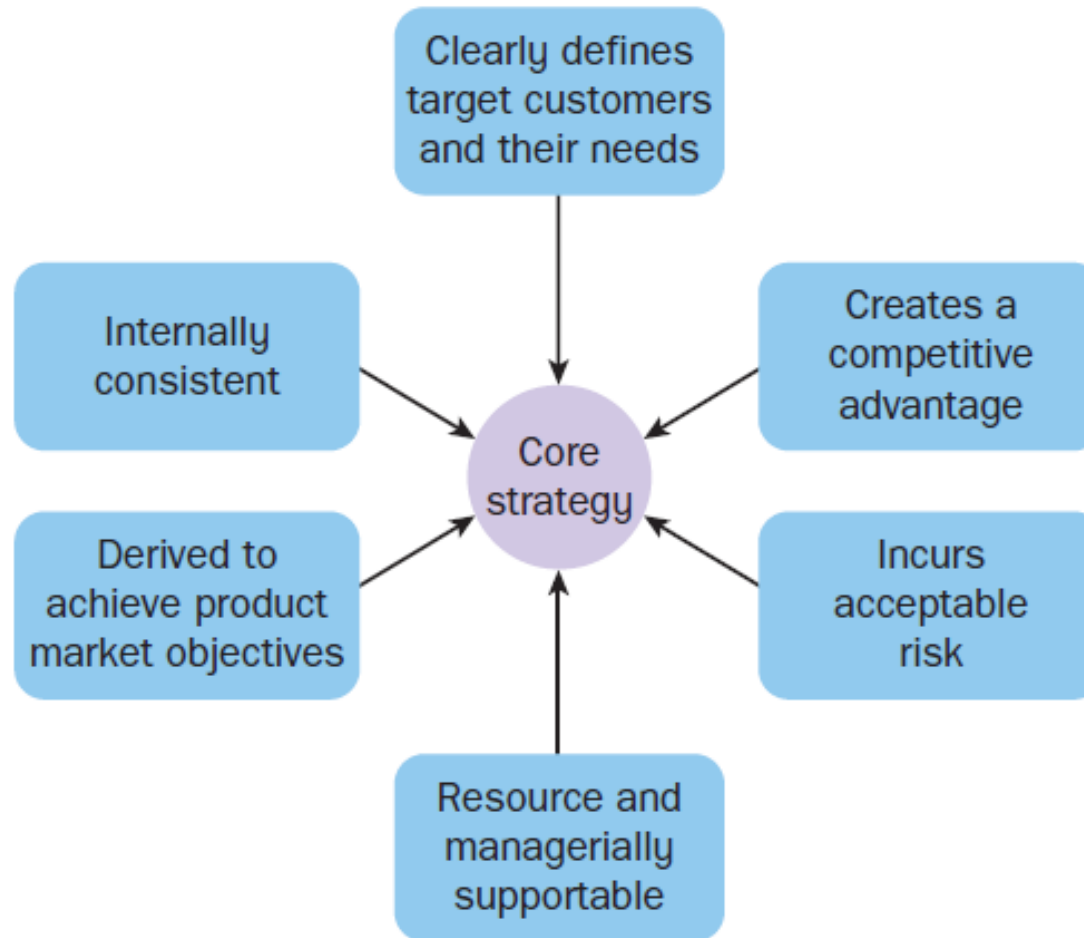
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Selling organisations compete for business by trying to offer enhanced value, and they do this through a coordinated chain of activities. These include product design, production, marketing, delivery and support.

Porter (1985) referred these activities as the Value Chain.

Testing Core Strategy

Figure 12.5 Testing core strategy



Executing Marketing Strategy

Actions need to be taken and decisions made regarding how to effectively **implement** the marketing plan.

The tactical actions required and the structures that may need to be put in place to assist with implementation.

Tactical Marketing Decisions

These decisions consist of judgements about price levels, the blend of promotional techniques to employ, the distribution channels and service levels to use, and the types of products to manufacture.

Organisation and Implementation

A strong, well-developed marketing organization is important as it has been found to contribute significantly to customer relationship performance levels, overall firm performance levels and longer-term shareholder value.

Assessing Marketing Strategies

Key questions	Stages in marketing planning
Where are we now and how did we get there?	Business mission Marketing audit SWOT analysis
Where would we like to be?	Marketing objectives
How do we get there?	Marketing strategy Marketing mix decisions Organization Implementation

Key questions and the process of marketing planning

Metrics

Rank	Metric	% using measure	% rating it as important
1	Profit/profitability	92	80
2	Sales, value and/or volume	91	71
3	Gross margin	81	66
4	Awareness	78	28
5	Market share (value/volume)	78	37
6	Number of new products	73	18
7	Relative price	70	36
8	Customer dissatisfaction	69	45
9	Customer satisfaction	68	48
10	Distribution/availability	66	18

The use of marketing metrics in UK firms

Source: Based on Ambler, Kokkinaki and Puntoni, 2004

Benefits of Planning



Problems in Making Planning Work

Political

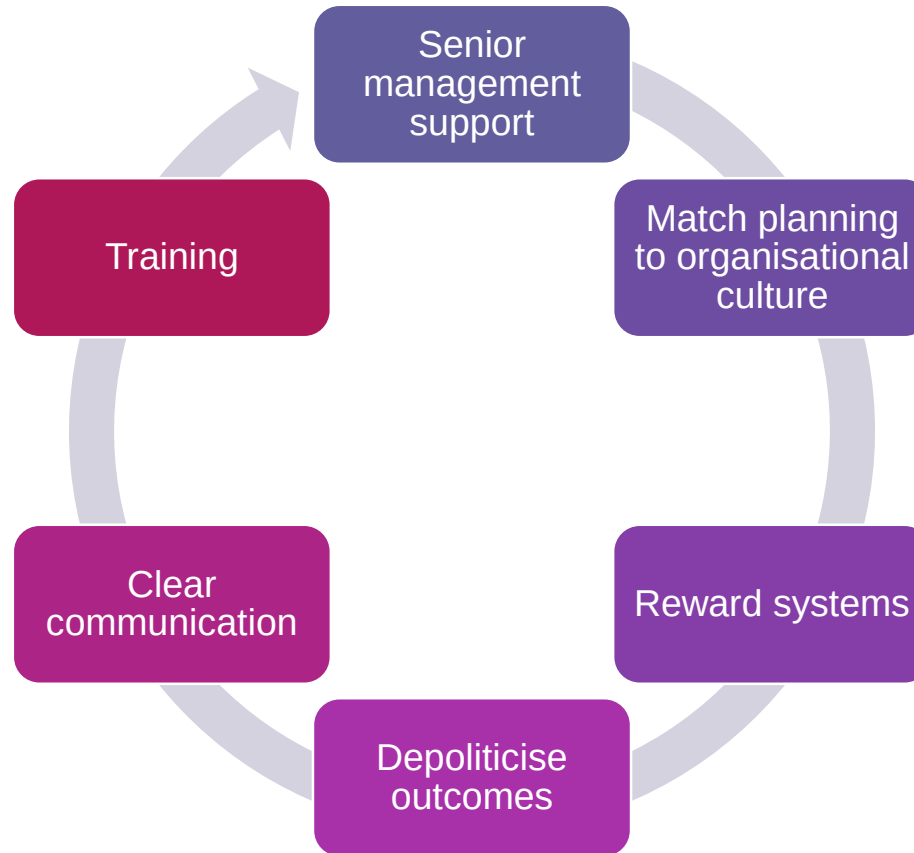
Opportunity cost

Reward systems

Information

Culture

How to Overcome Marketing Problems



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