



Marketing Plan

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Marketing Planning: Using the Framework

The marketing planning framework is designed to provide a structured approach to producing a marketing plan. This plan follows the stages of the process outlined and discussed in Chapter 2 of the textbook.

The framework is useful for:

- **analysing cases that require the development of a marketing plan.** A case study can be analysed, and then, depending on its objectives, use the marketing plan to: a) conduct a marketing audit, b) create a strengths, weaknesses, opportunities and threats (SWOT) analysis, c) develop strategic marketing objectives, d) suggest practical marketing recommendations.
- **facilitating project work that requires a marketing plan to be completed.** Project work may take the form of within-module assessment or a separate exercise conducted at the end of a marketing or management course. In both cases, the planning framework can assist the completion of the project work report by providing a logical structure to the data collection, analysis and the formulation of recommendations.
- **facilitating real time in-company marketing planning.** The framework is not just an academic exercise. It shows how marketing planning should take place in a real world situation. The framework has been tried and tested within firms and has proven invaluable in providing an easily applied structure to marketing thinking and analysis.

For maximum value, the framework should be used in conjunction with the discussion of marketing planning in Chapter 2 of the textbook.

Terms of Reference

The terms of reference for the marketing planning report should state the objectives of the marketing planning exercise and the extent of its coverage.

Executive Summary

The executive summary describes the report's major findings and recommendations. It is designed to provide a busy reader with the major issues contained in a marketing planning report. The executive summary allows the reader to gain insight to key outcomes without having to read all of the report. Bullet-points can be used to present the key points in the executive summary.

The Marketing Planning Process

The marketing planning framework provides a well-defined path for marketers to follow but the process is a complex activity, which can involve different people at various stages of the process. However, it is very useful to be able to have an overview of the process.

Each of the stages of the planning process are now discussed:

1. Business Mission

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

It should state “what business the firm is in?” and “what business does the firm want to be in?”. It may include the markets served, the customer needs being satisfied, and the technology used.

A mission statement can dramatically affect the range of a firm’s marketing activities by narrowing or broadening the competitive playing field.

A business mission is a dynamic part of the marketing planning process; once a marketing plan is implemented and the control stages are reached, the mission statement may need to be redefined and developed.

2. The Marketing Audit

A marketing audit is a systematic examination of a firm’s marketing environment, objectives, strategies and activities, which aims to identify key strategic issues, problem areas, and opportunities. It provides the basis upon which a plan of action is developed to improve marketing performance. The marketing audit should enable a firm to understand the current standing of the business, how it got there and where it is heading.

There are two aspects of the marketing Audit, 1) External, 2) Internal

The external marketing audit focuses on:

- Macroenvironment
- The market
- Competition

Note that information may not be available on all of the areas listed under each topic.

Macroenvironment

The macroenvironment consists of broad environmental issues that impinge on the business. You may wish to analyse the external environment using the following headings:

Political/Legal
Economic
Ecological/physical environmental
Socio-Cultural
Technological

Microenvironment

The microenvironment consists of the actors in the firm’s immediate environment that affects its capabilities to operate effectively in its chosen markets.

The Market

The market consists of:

- analyses of market size, growth rates and trends;
- customer analysis including who they are, what choice criteria they use, how they rate competitive offerings and how the market is segmented;
- distribution analysis, which covers significant movements in powerbases, channel attractiveness analysis, physical distribution analysis and analysis of the role and interests of decision-makers and influences with distributor organisations.

Customers

- who they are, how and when they buy, the criteria they use to select products, opinions of competing products, the benefits customers are seeking when they make a purchase.

Competitors

- Who are the competitors to the company (actual and potential)?
- What are their objectives and strategies, strengths and weaknesses, market shares, size and profitability?

Finally, any entry barriers that make market entry by new competitors easy or difficult should be identified.

Distributors

- channel attractiveness
- distributor decision-making structures and processes
- strengths and weaknesses
- power distribution
- physical distribution methods

Suppliers

- who they are and locations
- strengths and weaknesses
- power distribution

3. Internal Marketing Audit

The internal marketing audit focuses on the activities and performance of the firm in the light of the external marketing environment:

It should cover an evaluation of the following four sections:

- Operating Results
- Strategic Issues Analysis

- Marketing Mix Effectiveness
- Marketing structure and systems

Please note that the information may not be available on all of the issues listed under each topic.

Operating Results

This covers operating results (by product, customer, and geographic region) for sales, market share, profit margins and costs.

Strategic Issues Analysis

Strategic issues analysis will answer the following questions:

- What are our current marketing objectives?
- How do we currently segment the market?
- What is our competitive advantage (if any)?
- What are our core competencies?
- How are our products positioned in the marketplace?
- How are products placed in terms of market attractiveness and company strength (portfolio analysis)?

Each answer will be evaluated to identify strengths and weaknesses.

Marketing Mix Effectiveness

Each element of the marketing mix (product, promotion, price and place) will be evaluated in the light of the external marketing environmental analysis.

Marketing Structures and Systems

The marketing structures and systems of the firm are examined to identify the way the firm operates and its effectiveness. Marketing structures include the organisation of marketing activities, marketing training, intra and interdepartmental communication. Marketing systems include marketing information systems, decision support systems, planning and control systems.

4. SWOT Analysis

A SWOT Analysis is a structured approach to evaluating the strategic position of a firm by identifying its strengths, weaknesses, opportunities and threats. It provides a simple method of synthesising the results of the marketing audit by summarising the firm's strengths and weaknesses as they relate to external opportunities and threats. Strengths and weaknesses will derive from the internal marketing audit analysis; opportunities and threats will derive from the external marketing audit analysis.

5. Marketing Objectives

As a result of the marketing audit and SWOT analysis, relevant marketing objectives will be set. Two types of objectives need to be considered: strategic thrust and strategic objectives.

Strategic Thrust

Strategic thrust defines which products to sell in which markets. A firm may select to pursue one of the following combinations:

- existing products in existing markets (market penetration or expansion)
- new/related products for existing markets (product development)
- existing products in new/related markets (market development)
- new/related products for new/related markets (entry into new markets).

The final option is the most risky strategy but may be necessary when a firm's current products and markets offer few prospects for future growth.

Strategic Objectives

Strategic objectives are set for each product in a firm's portfolio. The options are:

- build sales and market share,
- Hold market share
- harvest (improve profit margins)
- divest (drop or sell off product line)

See Chapters 2 and 20 for further discussion of marketing objectives.

6. Core Strategy

The core marketing strategy involves the achievement of marketing objectives through the determination of target markets and the creation of a competitive advantage. The core strategy will consider:

Target Markets: A target market is a group of consumers/organisations (segment) that the firm wishes to aim its product offerings and marketing communications at, and it defines **where** the firm wishes to compete.

Competitor Targets: Besides targeting consumers/organisations, the firm will choose competitor targets. Weak competitors may be viewed as easy prey and resources channelled to attack them. The choice of target market may define competitor targets and be influenced by them: market segments with weak competitors may be attractive targets.

Competitor Advantage: Competitive advantage is a clear performance differential based on factors that are important to target consumers/organisations, providing the basis of **how** the firm competes. Major success is dependent on the company creating a competitive advantage by being better (e.g. offering superior quality products or better quality services) in other words being faster than competitors at anticipating or responding to customer needs, or perhaps by being closer and establishing close long-term relationships with customers. See Chapter 19.

Once the core strategy has been defined, it is important to evaluate the plan. There are six criteria, which can be used in order to evaluate the potential effectiveness of the proposed marketing strategy. The criteria are the strategy:

1. is based on a clear definition of target customers and their needs
2. has the potential to create competitive advantage
3. will incur acceptable risks
4. can be resources and managerially supported
5. is derived from relevant marketing objectives
6. is internally consistent

7. Marketing Mix Decisions

By defining a target market and understanding the needs of their consumers/organisations, a marketing mix can be created to meet those needs better than the competition. Decisions can now be taken regarding the elements of the marketing mix: product, promotion, price, and place.

Product

Product decisions involve choices regarding brand names, features (that create customer benefits), quality and design, packaging, warranties, and the services that will accompany the product offering. See Chapters 9, 10 and 11.

Promotion

Promotion decisions involve choices regarding advertising, personal selling, direct and Internet marketing, sales and promotions and public relations. See Chapters 13-16.

Price

Pricing decisions involve choices regarding list price, discounts, credit terms and payment periods. See Chapter 12.

Place

Place decisions involve choices regarding the distribution channels to be used and their management, the location of outlets, methods of transportation and inventory levels to be held. See Chapter 17.

8. Organisation and Implementation

A marketing plan needs organisation within the firm in order to implement it. Reorganisation may be required and can result in the establishment of new marketing structures (e.g. brand management teams) or the creation of a marketing department for the first time.

Consideration should also be given to implementation issues: **who** is responsible for various activities, **how** the strategy should be carried out, **where** things will happen, and **when** action will take place. See chapter 21 for further discussion of the implementation process.

9. Control

The aim of control systems is to evaluate the results of the marketing in action resulting from the marketing plan so that corrective action can be taken if performance does not match objectives. See Chapter 21.