



A Beginners Guide to Marketing Planning

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Failing to Plan

As Benjamin Franklin once so wisely noted: 'Failure to prepare is preparing to fail' or in other words when you don't have a plan you're not likely to succeed. Okay, he wasn't actually talking about business planning but he might just as well have been.

Within any organisation the role of its management team is to plan for the future by setting objectives and developing plans to attain their goals. Planning is fundamental as this shows the direction the company plans to take in both the short- and long - term.

This Blue Paper is a resource and framework for producing your very first marketing plan, or to serve as an opportunity to look at your existing plan and fine tune it if appropriate. Whilst we've used the terms 'business', 'firm' and 'organisation' in this paper, the methodology described works equally for not-for profit and charity organisations as it does for the business sector.

Marketing planning (and the marketing plan) go hand in hand with the overall business plan and needs to be carried out as part of the overall planning process.

A marketing plan will only include marketing objectives (manufacturing, HR and other departments will need to take care of the objectives that relate to their functions.) In time a marketing plan should be broken down into individual plans for each product or service you offer – but for now that's perhaps getting ahead of ourselves and the remit of this Blue Paper.

So, what is marketing planning?

Put simply, marketing planning is what a company has to do to achieve its marketing objectives. Marketing planning will help identify opportunities and offer the company a clear view of the direction it intends to take.

A marketing planning process could encompass:

- 1. Situational analysis**
 - SWOT analysis
- 2. Objective setting**
 - SMART objectives



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3. Strategy development

- 4Ps
- Tactics

4. Budgeting

5. Communication of the plan

6. Evaluation and control

Panic not if the above list of terms may seem daunting we'll now outline each in turn.

Situational Analysis

(or think of it as 'Where are we now?')

Conventional wisdom suggests it's imperative to know where you are now before you can even think about the future. Before marketing objectives can be decided you need to evaluate your company, your products (and/or services) and the competitive landscape.

We suggest looking at this from two points of view, both internal and external. One tool used in situational analysis is SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The end game being you'll uncover strengths and opportunities to exploit and weaknesses and threats to overcome and defend against.

Internally: what does your organisation look like today? What are its strengths and weaknesses? You might hold the patent on a product that is ground breaking in your industry for example – which would be a strength. Although the sales team might not have enough knowledge about your products to exploit this unique selling point against your competitor's products – which would be a weakness.

By carrying out a thorough look at the organisation, its systems and people you'll be able to see clearly what you have to work with.

Externally: may require a little more research and in-depth analysis but will uncover (alongside the internal work you've already done) the opportunities and threats. Take a look at your market and try to identify any potential changes in



Business

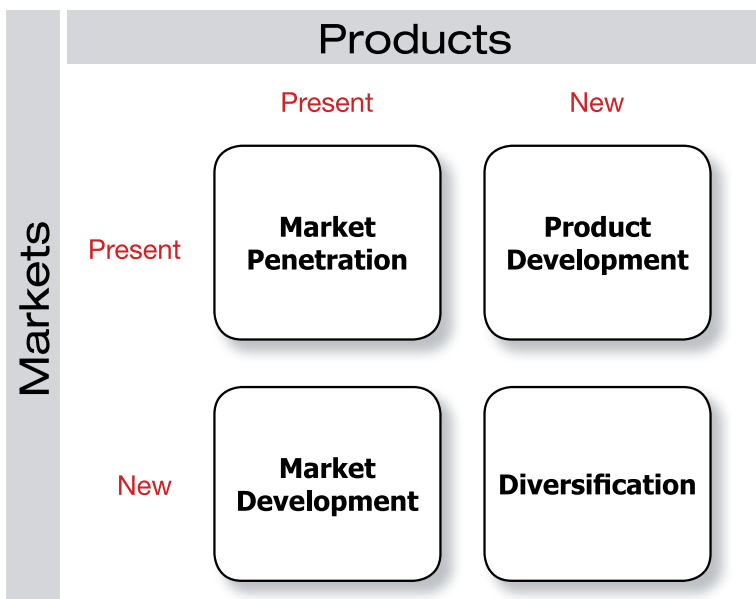
social attitude to your products, economic or political threats, legislative changes that might affect how you do business, and technology both in terms of how you produce your products and how you sell them.

The Chartered Institute of Marketing (and most marketing textbooks) offer various acronyms¹ such as PESTLE (which stands for Political, Economic, Sociological, Technological, Legal and Environmental factors to explore as part of your external analysis) that can be followed as part of this 'where are we now' review and there are numerous models such as Porter's 5 Forces² (which looks at the competitive landscape) that you can also look at to develop your plan.

Objective setting (or think of it as 'Where are we going?')

Once the groundwork (situational analysis) is complete you'll be in good shape to set your marketing objectives. As mentioned earlier, marketing objectives are only concerned with marketing activity – so your objectives will relate to your products (or services) and your markets.

A simple diagram³ may help here:



This model (known as Ansoff's Matrix) was created by Igor Ansoff back in the 1960s, however if we take each square in turn you'll see how it is still as relevant to marketing planning today.

¹ <http://www.cimmarketingexpert.co.uk/wp/?wpid=1822>

² <http://www.cimmarketingexpert.co.uk/wp/?wpp=Porter's Five Forces&WPID=1893>

³ <http://www.ansoffmatrix.com/>

Market Penetration⁴

Selling an existing product or range to a current market is known as market penetration. A company can grow by taking business (market-share) away from their competitors. Other ways to penetrate the market could be by getting current customers to use more of your products (eg. breakfast cereal has been promoted as an ideal snack that can be eaten at any time) or by converting non-users to your products (brand-switching). An example would be continuous developments and upgrades of tablets and mobile phones by technology giants such as Apple and Samsung or a new release of a Microsoft Office product.

Product Development⁵

Companies develop new products in existing markets. An organisation that already has a market for its products might try and follow a strategy of developing additional products, aimed at its current market. Even if the new products are not new to the market, they remain new to the company. Food industry examples illustrate this strategy well; Kit Kat launched Kit Kat Chunky and Kit Kat Orange: these additional lines are often initially promoted as a limited edition to encourage trial.

Market Development⁶

Companies take existing products into new markets. An organisation's current product can be changed, improved and marketed to the new market. The product can also be targeted to another customer segment. An example would be a retail store that opens in a new geographic area, such as in 2007 US fashion retailer Abercrombie & Fitch opened its first European flagship store in London prior to opening further stores in Italy, Denmark, France, Spain, Germany and Belgium.

Product Diversification⁷

The organisation will introduce a new product(s) into a new market(s). This may be 'unrelated diversification' when the company has no previous industry nor market experience, or 'related diversification' whereby the company stays in a market with which they have some familiarity. Brand new products may also be created in an attempt to leverage the company's brand name. Multinational corporations such as Unilever have vast portfolios of products across a huge range of product categories: amongst many other brands Unilever owns Pot Noodle, Persil, Dove and PG Tips. Whilst Bic are well known for its pens, lighters and razors - not many people



⁴ <http://www.ansoffmatrix.com/market-penetration.html>

⁵ <http://www.ansoffmatrix.com/product-development.html>

⁶ <http://www.ansoffmatrix.com/market-development.html>

⁷ <http://www.ansoffmatrix.com/diversification.html>

know they also manufacture mobile phones?

Marketing Objectives

Once you decide on the best route to take with your products and markets, you need to set your marketing objectives. Another acronym you may be familiar with when talking about objectives is 'SMART.' There are plenty of online resources such as tutor2u that offer an explanation⁸ as to what makes an objective SMART.

Specific - the objective should state exactly what is to be achieved

Measurable - an objective should be capable of measurement – so that it is possible to determine whether (or how far) it has been achieved

Achievable - the objective should be realistic given the circumstances in which it is set and the resources available

Relevant - objectives should be relevant to the people responsible for achieving them

Time Bound (or Timely) - objectives should be set with a time-frame in mind and these deadlines need to be realistic

A couple of examples of marketing objectives may therefore be;

- To increase UK market share of Product X from 6% to 8% over 2 years
- To increase market share for Product X in France from 10 to 15% within 3 years
- To double sales of 500g multi-packs to small wholesalers by 2016
- To increase gross margin from 35% to 38% for Product X by 2015
- To grow online sales to 20% of total in 12 months



⁸ http://tutor2u.net/business/marketing/planning_setting_objectives.asp

Strategy development (or think of it as 'How are we going to get there?')

A strategy is the route you'll take to achieve your objectives. It's also worth mentioning at this point how strategy differs from tactics. Strategies are the longer terms methods of achieving objectives whilst tactics are the day to day actions that will need to be carried out to achieve the objective.

Back in 1960 the marketer E. Jerome McCarthy proposed 'the 4Ps'⁹ which have since been used successfully by marketers across the world. All marketing strategies should cover the 4Ps of Marketing; namely Product, Price, Promotion and Place (aka distribution.) As with situational analysis the more you get into marketing and planning you can discover expansions to the 4Ps (some say there are 7 – others 9 – and others even introduce the 4Cs!) However, for now let's take a more in-depth look at the 4 original Ps:



Products (or Services)

In order to create perceived value and generate a positive response from potential customers within your target market, your marketing plan must take into account elements such as brand name, quality & style, warranties or guarantees, repairs and after sales service. In order to increase sales you may decide to introduce a premium range or exclusive 'one-off' products available for a limited period of time.

Price

Consideration here must be given to existing pricing policies and whether these will change across the board, or only when targeting new customers – i.e. by way of an introductory offer. If that were the case and your aim is to increase sales you also need to consider how to incentivise existing customers through pricing, perhaps by way of a retrospective discount or loyalty scheme for introducing new customers. Given the example above of a premium range, this would perhaps be able to attract a higher price tag.

⁹ http://en.wikipedia.org/wiki/Marketing_mix

Promotion

The nuts and bolts of how you're going to communicate your products or services which includes advertising, PR, sales force, sales promotions – how you ensure your target market know what is on offer.

Place

Place means how you get your product to market ie. which distribution channels such as retail, wholesale, door to door, direct mail or via the internet are used. Back to the premium range example, if a premium range was to be introduced you'd need to ascertain if your existing distribution network would still be appropriate for a higher ticket item.

Tactics

(think of it as 'What are we going to do?')

Once strategies and tactics have been decided upon an action plan for each will need to be drawn up. This is the nitty-gritty (and the fun!) part.

For example if you've decided to attend a trade show as part of your Promotional strategy, you'll need to break this down into a number of stages, including choosing a show to exhibit at, obtaining the costs, setting a budget, organising your stand and kit ... right the way down to which members of staff will represent your company on the day (and what they'll wear) and how you'll attract visitors to your stand both before and during the show – e.g. by sending invitations (by post or email) prior and by holding a prize draw or handing out [printed promotional products](#) at the show itself etc.

Case Studies

Let's take a look at a couple of examples of marketing planning in action, each of the following case studies were winners of the Marketing Excellence Award¹⁰ presented by the Chartered Institute of Marketing in 2011.

2 years ago civil engineering contractor BAM Nuttall¹¹ were faced with changing market conditions and more competition than ever. Their objective was to both grow and simultaneously maintain margins. Situational analysis was undertaken and a strategic decision to redefine the brand was implemented to ensure they



¹⁰ Marketing Excellence Awards 2011, http://digital.edition-on.net/links/4696_mea_2012.asp

¹¹ Marketing Excellence Awards 2011, page 7 http://digital.edition-on.net/links/4696_mea_2012.asp

found and converted the right opportunities. As a result BAM Nutall became a truly market-centric organisation (ie. they put the customer at the heart of everything they do) and it's reported these changes directly led to winning 73% of all new business in this period and delivered a net return on marketing spend of 162%. Judges of the award said¹² their plan was an 'outstanding marketing strategy devised to redirect business towards a more customer-centric approach thereby addressing the adverse trading conditions' and concluded that it was very powerful and clearly communicated.

The Northern Ireland Chamber of Commerce (NICC)¹³ stood alone as the only organisation striving to develop commerce in the region. With that in mind they set to develop a 2 year strategic plan to double their membership. Their objective was to grow their membership and put (amongst other plans) improved customer service and member services to the forefront of their activity. Their plan included a marketing campaign and creating new marketing collateral. The strategy was hailed a success as their growth target was almost achieved by the end of year one. Judges said¹⁴ that increasing membership was always difficult especially during a recession and continued '... with clear objectives to increase membership NICC have shown that simple marketing tools such as good literature, press coverage and sales promotion can achieve well in a depressed market.'

Budgeting (or think of it as 'How much will it cost?')

Your thoughts around product development or your advertising plans may be feasible; but will they be cost-effective? Before embarking on any of your tactics you need to calculate if they'll bring in enough sales to cover their costs. You need to forecast likely sales against the costs of any investments you may have to make, advertising you may want to book, websites you wish to develop – and don't forget to cost in the human element of HR costs.



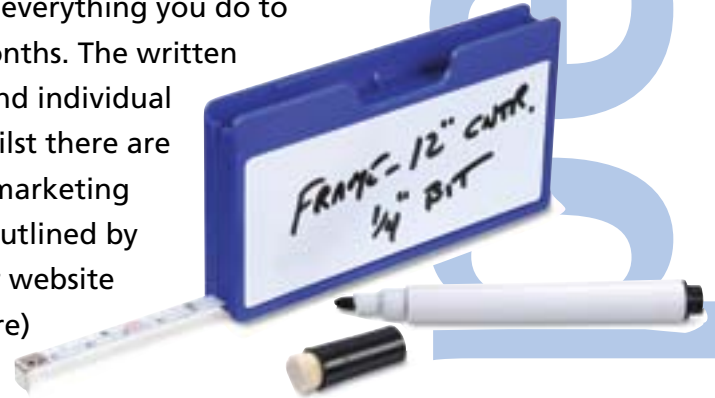
¹² Marketing Excellence Awards 2011, page 7 http://digital.edition-on.net/links/4696_mea_2012.asp

¹³ Marketing Excellence Awards 2011, page 15 http://digital.edition-on.net/links/4696_mea_2012.asp

¹⁴ Marketing Excellence Awards 2011, page 15 http://digital.edition-on.net/links/4696_mea_2012.asp

Communication of the plan (or think of it as 'Letting your team know what's going to happen')

Now all your research is complete, you need to get it all down on paper as it is this finished document that will provide a focal point for everything you do to market your goods and services during the next 12-24 months. The written plan need not contain all your research and workings – and individual tactical plans can be added if desired as an appendix. Whilst there are no hard and fast rules as to how to write up a workable marketing plan, you might like to follow the template such as one outlined by The CIM¹⁵ which is interactive and downloadable on their website that takes you through many of the steps (plus a few more) that we've outlined in this Blue Paper.



Once the plan is complete – don't just file it away! Hold a meeting with everyone responsible for its implementation. Whilst all the key elements need to be presented, keep the presentation succinct. Hold group or individual meetings at a later date to discuss the implementation of tactical plans (back to the nitty-gritty) and get their agreement that the plan is achievable.

Evaluation and Control (or think of it as 'Let's just see this is working out ok')

As part of your plan and written document you should also consider how you are going to track your progress at given milestones throughout the duration of the plan. Compile a series of key performance indicators (KPIs) to track your progress; these could be daily call counts, items manufactured per hour, weekly web visitors, footfall in a retail store, contracts signed or quarterly sales figures.

By keeping close to your KPIs you'll be in a prime position to take immediate corrective action should the need occur, thus helping you stay on track.

And finally ...

Your first marketing plan is just the beginning - planning is an iterative process.

¹⁵ <http://www1.cim.co.uk/marketingplanningtool/>

Even armed with the best plan in the world, markets will still always be affected by factors beyond your immediate control. However, if you use your marketing plan as the foundation for making decisions, implementing them and monitoring their effectiveness (with tweaks, tests and revisions along the way) you can readily adapt to the ever-changing conditions that inevitably come along in today's highly competitive marketplace.



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