

**EIGHTH EDITION**

# **MARKETING PLANS**

**HOW TO PREPARE THEM, HOW TO PROFIT FROM THEM**

**MALCOLM MCDONALD and HUGH WILSON**

**WILEY**

# Marketing Plans

How to Prepare Them,  
How to Profit From Them

Eighth Edition

Malcolm McDonald  
Hugh Wilson

WILEY

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# Preface and acknowledgements

Please read this as it contains important information about this book.

The importance of marketing planning is demonstrated by the half million copies of this book that have been sold in English and many other languages since it was first published in 1984.

Since the book's launch, it has helped and encouraged hundreds of thousands of practising managers with the difficult task of marketing planning. Many of them have been kind enough to write expressing their thanks for the book's practical, no-nonsense style and approach to the subject. This has encouraged the first author, Malcolm McDonald, to update the book continually in previous editions, and after the sixth edition, to ask his esteemed colleague Professor Hugh Wilson to join him as co-author. Originally a computer scientist, Hugh brings to the book deep experience in the latest thinking on marketing in a digital world, including integrated marketing communications, e-commerce, multichannel strategy and customer relationship management (CRM). The authors have been working together on how to evolve marketing planning in a digital world for over 20 years.

The purpose of this book is quite simply to explain and demonstrate how to prepare and use a marketing plan. It is equally relevant for consumer, service and industrial goods companies, as well as not-for-profit organizations, since the process is universal.

It is based on our research into the marketing planning practices of industrial, service and retail companies, which has revealed marketing planning as an area of major weakness. Almost without exception, companies that thought they were planning were in fact only forecasting and budgeting, and suffered grave operational difficulties as a result. The problem, as companies face up to the opportunities and challenges of the twenty-first century is not that the philosophy of marketing is not believed; rather it is that most companies, particularly industrial goods companies and many service organizations, have difficulty in making it work.

This is largely because of ignorance about the process of planning their marketing activities, for which little help is provided in the extant body of literature. Books or articles often turn out to be about the management of the several elements of the marketing mix rather than about the process of combining them into a coherent plan. Others treat marketing planning in such a generalized way that it is difficult to distil from them any guidance of operational significance. Finally, there are many excellent papers about individual aspects of the marketing planning process.

The truth is, of course, that the actual *process* of marketing planning is simple in outline. Any book will tell us that it consists of: a situation review; assumptions; objectives; strategies; programmes; and measurement and review. What other books *do not* tell us is that there are a number of contextual issues that have to be considered that make marketing planning one of the most baffling of all management problems.

Here are some of those issues:

- *When* should it be done, *how often*, by *whom* and *how*?
- Is it different in a *large* and a *small* company?

- Is it different in a *diversified* and an *undiversified* company?
- Is it different in an *international* and a *domestic* company?
- What is the role of the *chief executive*?
- What is the role of the *marketing department*? Who else needs to be involved, and how?
- Should marketing planning be *top-down* or *bottom-up*?
- What is the relationship between *operational* (one year) and *strategic* (longer-term) planning?

Since effective marketing planning lies at the heart of a company's revenue-earning activities, it is not surprising that there is a great demand for a guide which strips away the confusion and mystery surrounding this subject and helps firms to get to grips with it in a practical and down-to-earth manner.

This book explains what marketing is, how the marketing planning process works, how to carry out a marketing audit, how to set marketing objectives and strategies, how to schedule and cost out what has to be done to achieve the objectives, and how to design and implement a simple marketing planning system.

Our approach is both logical and practical. This view has been confirmed by the hundreds of letters and e-mails referred to above, and by the fact that this book is now a standard text on many marketing courses in universities, and in-company training programmes around the world.

This book includes:

- Application questions, to help you personalize the learning.
- Exercises at the end of every chapter to enable practising managers to translate the theory into practice.
- Mini case studies to exemplify the points being made.
- A step-by-step process, with templates, for producing marketing plans.

Additionally, a comprehensive online Tutors' Guide is available for those who wish to teach the subject to others. This Tutors' Guide contains lecture plans, PowerPoint masters, case studies, tutors' discussion points and additional assignments for use by tutors. Please visit [www.marketingplansbook.com](http://www.marketingplansbook.com).

We would like to thank our friends and colleagues for the advice they have given us and material they have generously allowed us to use during the life of this book. To the following we are especially grateful: Dr Chris Bailey, Dr Krista Bondy, Lindsay Bruce, Dave Chaffey, Professor Martin Christopher, Professor Moira Clark, Professor Elizabeth Daniel, Dr Iain Davies, Matt Hobbs, Professor Aamir Khan, Ardi Kolch, John Leppard, Associate Professor Dr Emma Macdonald, Professor Simon Majaro, Dr Stan Maklan, Anne Mollen, Aly Moore, Peter Mouncey, Professor Adrian Payne, Beth Rogers, Professor Lynette Ryals, Dr Brian Smith, Rod Street and Diana Woodburn. To them and the many other scholars and practitioners who have contributed invaluable ideas in specific sections we will always be grateful. Rather than updating the flow of the text by providing complete individual references, we restrict ourselves to a few references at the end of each chapter. For fuller bibliographies, please see the PhD research on which this book is primarily based: details are available from [m.mcdonald@cranfield.ac.uk](mailto:m.mcdonald@cranfield.ac.uk) or [hugh.wilson@cranfield.ac.uk](mailto:hugh.wilson@cranfield.ac.uk).

Professor Malcolm McDonald  
 Professor Hugh Wilson  
 Cranfield University School of Management  
 October 2016

# How to use this book to achieve the best results

At the end of each chapter, you will find a number of application questions. More importantly, there are also a number of exercises designed to help you translate the theory into practice in the context of your own organization.

As you work through this book, you will find that some of the exercises are diagnostic and enable you to 'plot' where your company is. Some will help you to understand what might be happening to your organization. Other exercises are more concerned with generating factual information about your organization, its products, its markets or its planning processes. We find this combination of exercises not only provides you with insights and learning about many aspects of marketing planning, but it also helps you to assemble information, which can contribute to a marketing plan for your organization.

Whenever scoring and interpretation are required for an exercise, you will find the answers are provided at the end of each chapter.

This book is written to fulfil three principal needs. The first relates to the process of marketing planning, which, while theoretically simple, is in practice extraordinarily complex, involving, as it does, people, systems and organizational structures. One purpose, then, is to ensure that readers fully understand the process, what the pitfalls are and how to negotiate them.

The second purpose is to ensure that readers know which are the appropriate marketing diagnostic tools, structures and frameworks to use at each stage of the process.

The third and most important purpose, however, is to give both students and managers a no-nonsense, practical, step-by-step guide on how to prepare a really good, strategic marketing plan that will help their organizations to create sustainable competitive advantage for themselves and for their customers.

## **KEY AREAS FOR IMPROVEMENTS IN STRATEGIC MARKETING PLANNING: WHERE TO LOOK IN THIS TEXT FOR PRACTICAL GUIDANCE**

This help section is based on the analysis of over 700 strategic marketing plans from over fifty multinationals during a period of twenty-five years. A fee was charged for each analysis, so these comments are based on considerably more than just opinions.

### **Summary of the book**

A strategic marketing plan should be a clear and simple summary of key market trends, key target segments, the value required by each of them, how we intend to create superior value (to competitors), with a clear prioritization of marketing objectives and strategies, together with the financial consequences.

Alas, frequently, they come across as diffuse, confusing compilations of unconnected sections, masquerading as marketing plans.

### **Specific problems encountered and where to look for guidance**

- Market overviews contain substantially more information than is necessary, with no hint of the implications for marketing activity. See Chapters 2 and 3.
- Key segments are rarely identified. 'Segments' are often sectors or products, rather than groups of customers with similar needs. See Chapter 3.
- The competitive situation is not well analysed and plans appear to assume no activity or reaction by competitors. See Chapter 6.
- SWOT analyses rarely pin down convincingly the value that is required by segments. They are frequently too general to lead to any actionable propositions. See Chapter 4.
- Our own distinctive competences are rarely isolated and built on. See Chapter 5.
- SWOTs are rarely summarized clearly and logically in a portfolio which provides a categorization of the relative potential of each and our relative strengths in each. See Chapter 5.
- Marketing objectives are frequently confused with marketing strategies and do not follow logically from the portfolio summary. See Chapter 6.
- The resource implications of effecting the marketing plans are not always clear. See Chapter 13.
- Communications such as advertising are fragmented and based on habit, rather than being integrated with each other and targeted on the value required by attractive segments. See Chapter 7.
- The sales plan is developed in isolation from the marketing plan. See Chapter 8.
- Channels are taken for granted, rather than used as a key source of innovation and differentiation. See Chapter 9.
- CRM is delegated to IT or operations. See Chapter 10.
- There is no particular logic behind pricing. See Chapter 11.

### **Main differences between the Seventh Edition and this Eighth Edition**

Whilst all the chapters have been extensively updated, the most significant changes in this edition are as follows:

A new chapter on understanding needs and developing value propositions has been added as Chapter 4.

The accelerative impact of digital has been reflected in Chapters 7–10.

A new chapter has been added at the end of the book – this is called 'Marketing Planning: Yes, it works! Experiences from the real world'. It is written by two former directors of multinational companies who have since worked extensively in small and medium enterprises (SMEs). They spell out how the processes set out in this book work perfectly in either domain.



# Learning features

This Eighth Edition of *Marketing Plans* has full pedagogical features as follows:

## **Summary**

Each chapter begins with bullet points which highlight the main features and learning to be covered in the chapter.

## **Key Concepts**

Principal marketing ideas and themes are highlighted as snapshots throughout the text.

## **Crucial Terms**

Concise definitions of important terms and vocabulary are provided in the margin to allow for a smoother, easier reading of the text.

## **Examples**

These provide additional illustrative marketing accounts to contextualize learning.

## **Marketing Insights**

Real-life marketing anecdotes contextualize learning.

## **Headlines**

Highlights taken from the text as marginalized notes bring important points to the attention of the reader.

## **Case Studies**

In-depth studies of marketing experiences show how the theories work in real-world companies.

## **Application Questions**

These appear at the end of each chapter and relate the theory to practice by asking the reader to apply the theory to real-life situations.

## **Chapter Review**

This condenses the main themes of the chapter and directs the reader to relevant exercises for each topic for them to try.



## Exercises

These appear at the end of each chapter and are preceded, where necessary, by a brief introduction which informs the reader of the issues and concepts they will find within each exercise. Each exercise helps the reader to translate the theory into practice and reinforces the learning gained from each chapter. Many exercises also end with an 'interpretation' to guide the reader in their workings.

## Simulation Practice

You now have a great opportunity to practice the ideas in this book. We have teamed up with Market2Win to provide the key tools from the book and give you an opportunity to learn how to use them in a safe environment. This is done by testing your skills against other marketers in a strategic marketing game called Marketing2Win. The game is built on the core ideas in this book and has been played by thousands of students and executives. At the end of each chapter you will see new exercises that are linked to the game. To find out more, go to [www.market2win.com/mp](http://www.market2win.com/mp).

# Tutors' guide

A password protected tutor support site for using *Marketing Plans* Eighth Edition for teaching and learning can be found at [www.marketingplansbook.com](http://www.marketingplansbook.com).

This includes:

- Introduction to the Tutors' Guide and Use of the Text
  - PowerPoint slides
  - Case studies and detailed Tutors' Guides
  - Examples of Marketing Plans
  - Exercises
  - Tutors' Notes
- 
1. Understanding the marketing process
  2. The marketing planning process: The main steps
  3. The customer and market audit Part 1: Understanding markets and market segmentation
  4. The customer and market audit Part 2: Understanding customer needs and developing value propositions
  5. The customer and market audit Part 3: The product audit
  6. Setting marketing objectives and strategies
  7. The integrated marketing communications plan
  8. The sales and key account plan
  9. The multichannel plan: The route to market
  10. The CRM plan
  11. The pricing plan
  12. Implementation issues in marketing planning
  13. Measuring the effectiveness of marketing planning
  14. A step-by-step marketing planning system
- 
- Working with Case Studies/Case Studies
- 
- Case 1: Eindhoven Containers  
Case 2: Multi-electronique et Cie  
Case 3: Property Services International  
Case 4: International Electrical Supplies  
Case 5: Rentlow Cars SA  
Case 6: The Dynamic Manager  
Case 7: Cranchem marketing plan  
Case 8: Lockwell Company Ltd  
Case 9: Hydraulic Industries Ltd: Acquisition in West Germany

This website also hosts freely accessible student resources including application questions, exercises and a test bank.

# An important note to the reader from the authors

## MARKETING PLANNING AND DIGITAL

Since the Seventh Edition, digital marketing, especially in the form of social media, has made great strides forward.

This book, however, is unashamedly NOT about digital, although particularly in the chapters on communications it features prominently and is totally up to date. The reason is simple. Strategic marketing is NOT digital marketing, which is just another communication channel.

In November 2013, Nicola Kemp wrote in *Marketing* (p.52):

For many companies, the greatest threat is not being out of touch with digital development, but losing sight of the fundamental needs of their customers and the underlying long-term drivers of their business.

In 2014, Helen Edwards, of London Business School, wrote in *Marketing* (pp. 36–37):

Yes, the fourth wave of digital marketing has arrived, but consumers are drowning in an ocean of branded pap and the interactive lifeline they really want to be thrown is the one whereby companies answer calls promptly, answer calls in person, keep their promises, make better products and contribute to a better world.

The point, dear reader, is that without a robust marketing strategy, it just isn't possible to have any kind of meaningful digital strategy. This book is about how to develop a winning marketing strategy for what is sold and to whom. Only when this has been done is it possible to develop a winning digital strategy.

Producing an effective marketing plan that will give your organization competitive advantage is not easy. It takes knowledge, skills, intellect, creativity and, above all, time.

Everything you need to succeed is in this book, but you must be prepared to devote time to it. It is most definitely not a quick read!

## FAST TRACK

However, for those who need a fast track to producing a marketing plan, Chapter 14 will help you. Be careful, however:

A little learning is a dangerous thing. Drink deep, or taste not the Pierian Spring.

(Alexander Pope)

## INTERMEDIATE TRACK

For those interested principally in how to tie all marketing initiative together in a strategic marketing plan, it is possible to omit Chapters 7–11, as these contain a level of detail on specific areas of the marketing mix. Again, however, be careful and only omit these chapters if you feel that you already know enough about promotion, pricing, sales, channels, CRM and customer service to be able to outline appropriate strategies in your strategic marketing plan. Also, particularly in Chapters 7, 9 and 10 there are some crucially important state-of-the-art developments in digital marketing described in some detail, each of which is substantially changing the face of marketing.

### An important test to help you decide which track you need

It is important that you complete the questionnaire which follows before you start Chapter 1. This test was developed by the authors for the president of a global IT company, who asked what he should be looking for in a world class strategic marketing plan.

### Interpretation

In our experience, it is unlikely that many readers will score above five on many of these questions. This is not the point, however. The purpose of the questionnaire is to focus your attention at the beginning of the book on what essential deliverables a marketing plan should produce. If you work carefully through this book and implement it in your organization, you will be able to give yourself high scores in all boxes. Then, you will be a truly market-driven organization!

We have just one more suggestion for readers of this book, which is that they should also complete the very last questionnaire in this book, at the end of Chapter 14. This will most certainly alert readers to the need to focus on the contents of this research-based book.

Professor Malcolm McDonald  
Professor Hugh Wilson



## ARE YOU GETTING THESE ESSENTIAL DELIVERABLES FROM YOUR STRATEGIC MARKETING PLAN?

### Market structure and segmentation

Score out of 10

- Is there a clear and unambiguous definition of the market you are interested in serving?
- Is it clearly mapped, showing product/service flows, volumes/values in total, your shares and critical conclusions for your organization?
- Are the segments clearly described and quantified? These must be groups of customers with the same or similar needs, not sectors or demographic groups.
- Are the real needs of these segments properly quantified, with the relative importance of these needs clearly identified?

  
  
  


### Differentiation

- Is there a clear and quantified analysis of how well your company satisfies these needs compared to competitors?
- Are the opportunities and threats clearly identified by segment?

  


### Scope

- Are all the segments classified according to their relative potential for growth in profits over the next three years and according to your company's relative competitive position in each?
- Are the objectives consistent with their position in the portfolio (volume, value, market share, profit)?
- Are the strategies (including products, price, place and service) consistent with these objectives?
- Are the key issues for action for all departments clearly spelled out as key issues to be addressed?

  
  
  


### Value capture

- Do the objectives and strategies add up to the profit goals required by your company?
- Does the budget follow on logically from all of the above, or is it merely an add on?

  


Total score

# Contents

|   |  |
|---|--|
| Preface and acknowledgements  | vi   |
| How to use this book to achieve the best results                          | viii   |
| Learning features   | x  |
| Tutors' guide   | xii  |
| An important note to the reader from the authors                          | xiii   |
| <b>PART ONE</b>   | <b>THE MARKETING PLANNING PROCESS AND THE OUTPUT 1</b>   |
| Chapter 1   | Understanding the Marketing Process 3  |
| Chapter 2   | The Marketing Planning Process: The Main Steps 39  |
| Chapter 3   | The Customer and Market Audit Part 1: Understanding Markets and Market Segmentation 77                   |
| Chapter 4   | The Customer and Market Audit Part 2: Understanding Customer Needs and Developing Value Propositions 139 |
| Chapter 5   | The Customer and Market Audit Part 3: The Product Audit 165  |
| Chapter 6   | Setting Marketing Objectives and Strategies 227  |
| <b>PART TWO</b>   | <b>THE MAJOR ELEMENTS OF MARKETING 273</b>   |
| Chapter 7   | The Integrated Marketing Communications Plan 275   |
| Chapter 8   | The Sales and Key Account Plan 327   |
| Chapter 9   | The Multichannel Plan: The Route to Market 371   |
| Chapter 10  | The Customer Relationship Management Plan 417  |
| Chapter 11  | The Pricing Plan 451   |
| <b>PART THREE</b>   | <b>MARKETING PLANS MEASUREMENT AND IMPLEMENTATION 483</b>  |
| Chapter 12  | Implementation Issues in Marketing Planning 485  |
| Chapter 13  | Measuring the Effectiveness of Marketing Planning 537  |
| Chapter 14  | A Step-by-Step Marketing Planning System 561   |
| Conclusion: Guidelines from the authors on world-class marketing          | 599  |
| Marketing Planning: Yes, it really works! Experiences from the real world | 603  |
| Index   | 615  |

# **Part One**

## **The marketing planning process and the output**

### **INTRODUCTION TO CHAPTERS 1–6**

Chapters 1–6 constitute the main purpose of this book, which is to spell out in detail what is required at each stage of the strategic marketing planning process. Each chapter leads logically on to the following chapter until a complete picture is provided of the actions required at each stage. Worksheets are provided to enable users to build their plan as they proceed.





# Chapter

# 1

## UNDERSTANDING THE MARKETING PROCESS

### SUMMARY

- What marketing is
- Its role in getting the best out of an organization's asset base
- The link between the external environment, customers and their needs and the marketing mix
- Clearing up the confusion surrounding marketing's role
- Clarification of what customers look for in their suppliers
- The differences and similarities between consumer, service and industrial marketing
- Whether a marketing department is essential
- Exercises to turn the theory into actionable propositions
- Readers who are already wholly familiar with the role of marketing in organizations may wish to go straight to Chapter 2, which begins to explain the marketing planning process

### THE MARKETING CONCEPT\*

In 1776, when Adam Smith said that consumption is the sole end and purpose of production, he was in fact describing what in recent decades has become known as the marketing concept.

The central idea of marketing is of a matching between a company's capabilities and the wants of customers in order to achieve the objectives of both parties.

It is important at this stage to understand the difference between the marketing concept (often referred to as 'market orientation') and the marketing function, which is concerned with the management of the marketing mix. The management of the marketing mix involves using the various tools and techniques available to managers in order to implement the marketing concept.

\* The authors would like to remind the reader that they will use the word 'product' throughout the text to avoid unnecessary references to 'services', 'not-for-profit services', 'capital goods' and 'retail'. The text is equally relevant to all of these.