

Sally Dibb, Lyndon Simkin and John Bradley

The Marketing Planning Workbook

Effective Marketing for Marketing Managers



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The Marketing Planning Workbook

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The Market Segmentation Workbook: Target Marketing for Marketing Managers

The Marketing Casebook: Cases and Concepts

For Becky, Jamie and Abby

'Without marketing planning no company truly succeeds: many companies fail to survive'

Marketing planning creates a focus on the customer, an awareness of competitors' strategies, and an understanding of market trends.

Strategies maximise opportunities and sidestep principal threats. Marketing and sales programmes stress the company's advantages and convey a coherent message to customers, distributors and the marketplace.

Marketing planning as a process of analysis, thought and action is essential for business survival and long-term success. Marketing planning is no academic exercise; it has to become integral to the company's management style and ethos.

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Foreword

John Bradley Corporate Marketing Director, JCB Sales

The Importance of Marketing and Marketing Planning

In one of the most influential and often quoted papers ever written Theodore Levitt comments on the great pressure to 'move the product of mass production'. Marketing he comments, 'being a more sophisticated and complex process, gets ignored'. Can this be one of the reasons for the apparent decline of British manufacturing? Are American and Japanese companies more sophisticated in their use of the marketing concept and process? This topic could generate great debate in business and academic circles without coming to a concrete answer.

The truth is there has been relatively little research into this subject, which perhaps is indicative of the problem. Research undertaken tends to support the view that the British are less sophisticated in their knowledge and use of strategic and marketing planning than the Japanese. 'A comparative investigation of Japanese Marketing strategies in the British market' by Doyle *et al.* (1986)¹ showed that Japanese companies operating in Britain had a much better grasp of marketing concepts and strategies than their British competitors. Furthermore the Japanese companies implemented strategies based on segmenting, targeting and positioning their products in their chosen markets. The British, on the other hand, took a homogenous view of the market, largely ignored their competitors and focused on cost reduction and improved productivity as a source of competitive advantage.

Perhaps ironically, customer or market orientation is spreading through British industry under the guise of Total Quality Management (TQM). Here the production line concept of a chain of internal suppliers and customers ultimately leads through the factory gate and out into the world of distributors, consumers and competitors. Total Quality Management principles and other production-orientated techniques such as Quality Functional Deployment (QFD) mirror the marketing concept but do not present a framework for sorting the wood from the trees in increasingly complex and volatile market situations. A well-structured, objective and comprehensive marketing

planning programme does bring order to the chaos of markets and provides a clear sense of purpose for a business.

This workbook explains the marketing planning process and activities, first explaining the concepts behind marketing planning, then working through the various analysis and planning steps in a logical sequence. The proformas have been developed in conjunction with some of the leading brands in Europe and have proved to be practical and effective.

In JCB, marketing planning and the process at the heart of this workbook have been used to good effect over a number of years. It is important to note here that marketing planning *per se* (or indeed the marketing plan) is not an end in itself. Rather the adoption of a formal process should be seen as the means of providing a clear structure to existing efforts. A marketing plan is the framework within which the needs of the organisation and the needs of the target markets are defined and the necessary actions prescribed to meet those needs.

Marketing planning as a process helps individuals and organisations to:

- understand markets and anticipate market trends
- understand the needs and wants of a range of customers and potential customers
- combat and beat competitors
- understand the organisation's strengths and weaknesses relative to competitors
- develop competitive products/services
- test planning assumptions
- set marketing objectives and strategies
- structure and balance the marketing mix
- create maximum personnel motivation
- optimise the use of scarce resources – both financial and people
- position the company and product range so that stability and growth can be maintained in volatile markets.

All too frequently the term 'marketing' is used as a substitute for advertising or sales promotion. Companies or even political parties are described as being successful because they have discovered 'marketing', when in effect they have been self-promoters.

Marketing is too big a subject to be defined in a single way. This is partly because the marketing concept or philosophy positively encourages us to take a very broad view of our situation and the external influences that can impact on our plans and action.

The marketing concept or philosophy is defined by Philip Kotler of The Kellogg Business School thus:

The marketing concept holds that the key to achieving organisational goals lies in determining the needs and wants of target markets and delivering the desired satisfaction more efficiently and effectively than the competition.

This statement introduces the key actors in the marketing planning process:

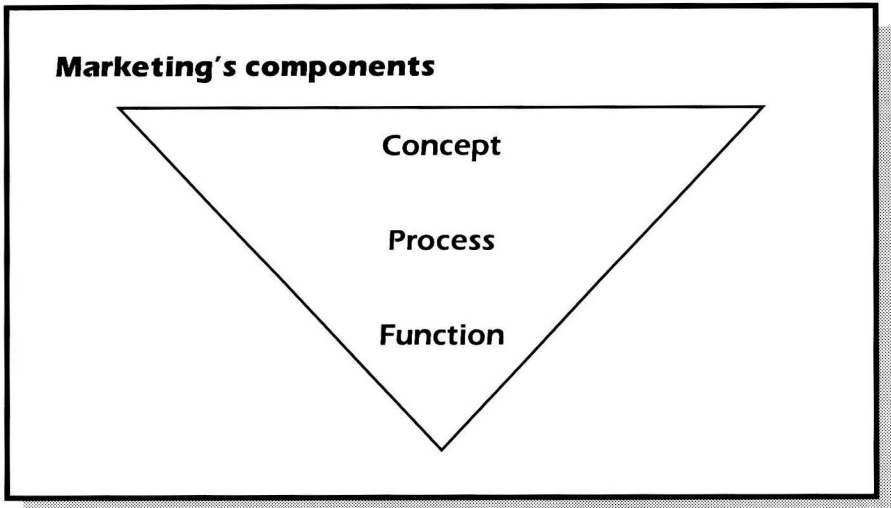
- the organisation or company;
- goals or objectives;
- consumers (markets are people not products); and
- competitors.

Plus, it highlights the key elements of marketing planning:

- targeting;
- establishing customers' needs;
- strategy;
- implementation; and
- control.

This book develops these concepts and explains a proven process for analysing and planning in complex circumstances: analyses are explained and guidance given for their understanding; strategy components are discussed and instruction provided; the required programmes for successful implementation are illustrated and direction offered for their construction.

It is unusual in textbooks to draw a distinction between the marketing concept or philosophy and the process of marketing planning. Indeed most texts assume these are the province of a central marketing function. A better way of considering and explaining 'marketing' in a modern context is to relate the marketing concept, process and function to the organisation as a whole, be it large or small. However, the most benefit from marketing planning can be gained when the whole 'team' contributes to the plan and its implementation. This is equally true in a manufacturing or service environment.



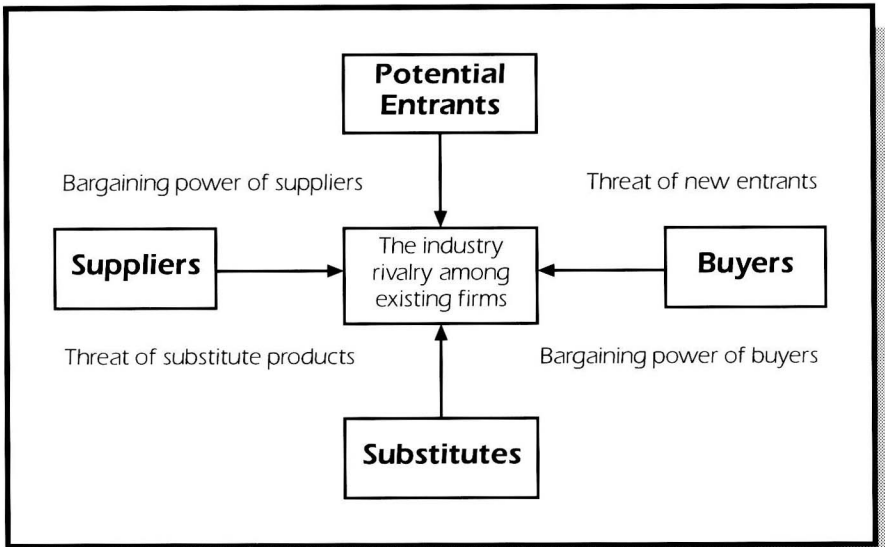
In the schematic representation the breadth of the triangle represents the number of team members involved.

As with TQM, the whole team has to understand and 'buy into' the marketing *concept* for planning, and indeed marketing, to be effective. There is a senior management responsibility to provide training and motivation. Not all the team, however, will be involved in the planning *process*, although a broad range of people will be. People from purchasing through to sales should work together to produce and implement the marketing plan.

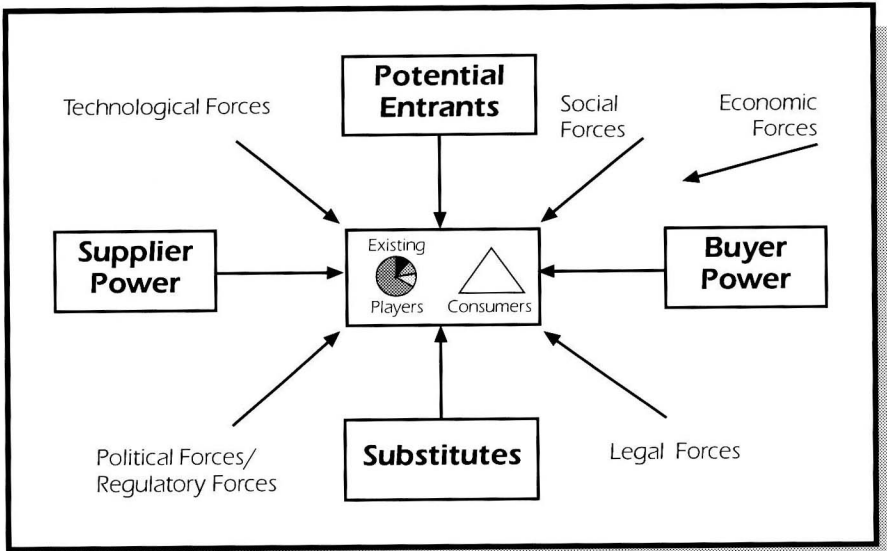
Finally a relatively small group of people will make up the marketing *function*. Their role is typically to facilitate the planning process and to implement elements of the plan – marketing research, new product development, pack design and advertising for example. In very small teams or businesses, there may not even be a formal marketing function. In these circumstances the role may be filled by the general manager.

Having drawn a distinction between the marketing concept, process and function we can develop a model of market structure and expand the list of actors and planning elements.

Michael Porter of Harvard Business School developed a model of 'forces driving industry competition':



The planning process described in this book sets out a methodology for seeking and highlighting the critical factors in this complex and ever changing scene described by Porter. An industry (or market) operates within an overall environment. If a global industry is under consideration then clearly the environment is the overall social, political and economic scene. Porter's model can be developed to show the elements of a marketing environment that impact upon a specific market. The model shows other elements beyond social, political and economic factors. These are legal, technological and regulatory forces. In different circumstances other external factors can impact on a given market, as shown in the following model of a market and marketing environment:



It should be noted that from the point of view of an existing player the majority of the forces that impact upon the market are external to that player. They are therefore beyond his direct control but not necessarily his influence. This depends upon the existing player's position in the market.

It is a fundamental tenet that the marketing planning process seeks out and analyses information on these external forces. These include:

- consumers' needs and wants;
- consumer satisfaction;
- competitive products, services and strategies – direct and from substitutes;
- economic trends;
- social trends;
- political lobbies, regulations;
- current and pending legislation; and
- technological advancements.

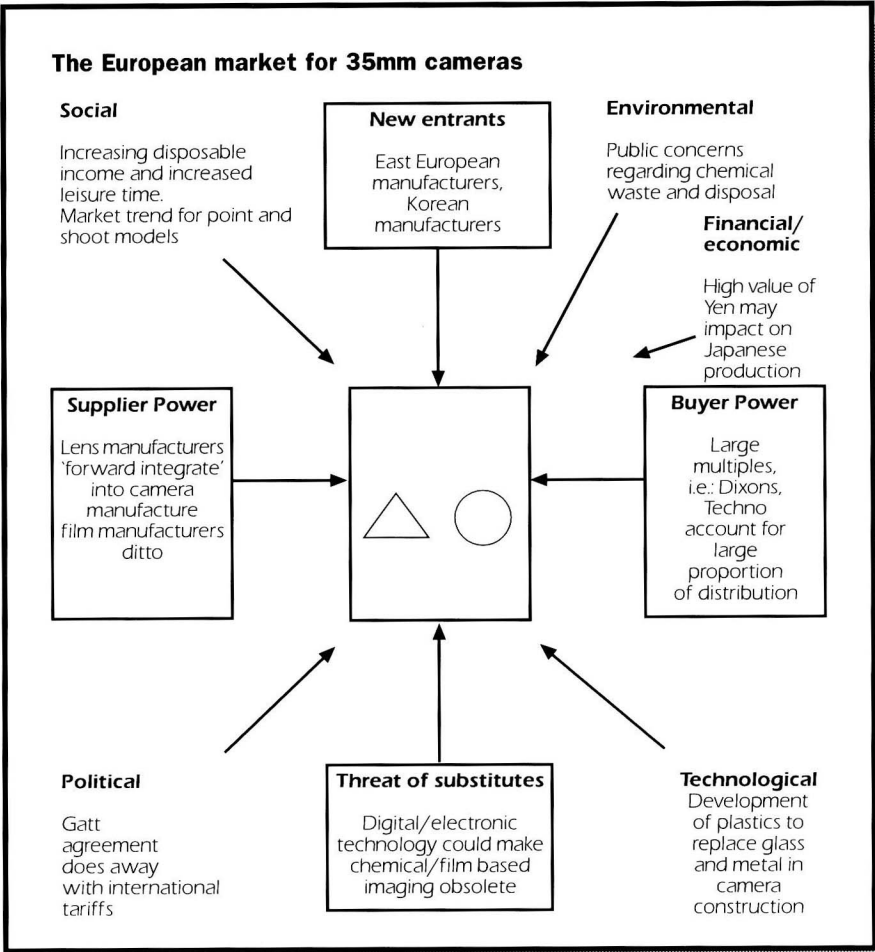
Marketing planning is about matching our resources and capabilities to the market situation. These external factors vary in impact from strongly negative (competitive initiatives, for example) to strongly positive (an upturn in the economy, for example). And of course a particular impact can change from positive to negative and vice versa. As an example of how this market structure approach works in practice the following diagram shows a model of the European market

for 35mm cameras from the perspective of a domestic manufacturer. This is a large, complex, fast-developing market.

Although the first 35mm camera in the world – the Leica UR – was made in Germany by Oscar Barnack in 1912, the market is now dominated by Japanese manufacturers including Nikon, Canon, Minolta and Pentax. Although Leica and Contax, the early market and technological leaders survive, they occupy high-priced niche positions in the market.

The 35mm single lens reflex (SLR) became increasingly popular during the 1960s and 1970s, with advanced automatic features being added at breakneck pace, as Japanese brands tried to out-do one another. By the mid to late 1980s, consumers had tired of the technology and the most popular 35mm cameras are now automatic rangefinder type – ‘point and shoot’. The latest developments include cheap plastic disposable models which still yield more than acceptable results for the average tourist.

A wide range of technological, social, environmental, financial and political factors impact upon this frenzied market. A model of this market using Porter’s framework is shown in the next diagram.²



As previously stated this complex situation can be brought to order using relatively simple techniques. A SWOT (strengths, weaknesses, opportunities and threats) analysis for our fictitious European manufacturer could look like the next figure. Note that some factors can be treated as positive (an opportunity) or as negative (a threat) depending on the perspective. In this example we have chosen an opportunistic approach.