

What is swatch



Marketing planning - Introduction Author: Jim Riley Last updated: Sunday 23 September, 2012 Introduction A plan is a way of achieving something. Your revision plan is a way of helping to achieve success in business studies exams. The Christmas present shopping list is a simpler example of a plan - a way of ensuring that no-one gets missed on 25 December. In business, It is no different.

If a business wants to achieve something, It is more likely to do so with a well-constructed and realistic plan. What does planning involve? Planning involves: ? Setting objectives, quantifying targets for achievement, and communicating these targets to people responsible for achieving them Selecting strategies, tactics, programmes etc for achieving the objectives. The whole topic of planning brings with it some Important terminology that it is worth spending time getting to know well.

You will come across these terms many times In your study of marketing (and business studies in general): Strategy Strategy is the method chosen to achieve goals and objectives Example: Our strategy is to grow sales and profits of our existing products and to broaden our business by introducing new products to our existing markets Tactics Tactics are the resources that are used in the agreed strategy Example: We will use our widespread distribution via UK supermarkets to Increase sales and existing products and Introduce new products Goals Goals concern what you are trying to achieve. Goals provide the " intention" that influence the chosen actions Marketing planning - values and vision Introduction to Values and Vision Values form the foundation of a business' management style. Values provide the

Justification of behaviour and, therefore, exert significant influence on marketing decisions. Why are values important in marketing? Many Japanese businesses have used the value system to provide the motivation to make them global market leaders.

They have created an obsession about winning that is communicated at all levels of the business that has enabled them to take market share from competitors that appeared to be unassailable. For example, at the start of the 1970's Komatsu was less than one third the size of the market leader - Caterpillar - and relied on just one line of smaller bulldozers for most of its revenues. By the late 1980's it had passed Caterpillar as the world leader in earth-moving equipment.

It had also adopted an aggressive diversification strategy that led it into markets such as industrial robots and semiconductors. If "values" shape the behaviour of a business, what is meant by "vision" and how does it relate to marketing planning? To succeed in the long term, businesses need a vision of how they will change and improve in the future. The vision of the business gives it energy. strategy. What are the components of an effective business vision?

Davidson identifies six requirements for success: - Provides future direction - Expresses a consumer benefit - Is realistic - Is motivating Must be fully communicated - Consistently followed and measured Example: Our goal is to achieve market leadership in our existing markets Objectives Objectives are goals that can be quantified Examples: - We aim to achieve a market share of 20% in our existing markets - We aim to penetrate new markets by

achieving a market share of at least 5% within 3 years - We aim to achieve sales of growth of 15% per annum with our existing products Aims Aims are goals that cannot be measured in a reliable way.

However, they remain important as a means of providing direction and focus.

Examples: We aim to delight ur customers Marketing Study Note Home I

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it. Of the four main functional areas of a business, marketing has to be the most important! Marketing is at the heart of a business.

Remember the definition of marketing: " The process of identifying, anticipating (predicting) and satisfying customer needs profitably' Almost every activity that a business undertakes can be linked back to this definition, whether it is: Raising finance to support an investment in new product development Introducing quality assurance and lean production to improve product profitability Training staff to improve customer service standards Ultimately, almost every functional activity or objective can be linked back to marketing.

A similar picture emerges when you consider how corporate objectives link to the functional objectives for marketing. Typical corporate objectives might be to: Be a market leader within 5 years To grow market share by 5% in core markets To become the most trusted and recognised brand in our industry Each of these has a strong marketing element. Marketing objectives need to be seen as part of a hierarchy of objectives, in the sense that they are shaped and informed by the corporate objectives.

A corporate objective influences a marketing objective, which in turn shapes the marketing strategies and marketing tactics employed: Marketing planning - the mission statement Mission A strategic marketing plan starts with a clearly defined business mission. Mintzberg defines a mission as follows: " A mission describes the organisation's basic function in society, in terms of the products and services it produces for its customers". A clear business mission should have each of the following elements: Taking each element of the above diagram in turn, what should a good mission contain?

(1) A Purpose Why does the business exist?

Is it to create wealth for shareholders? Does it exist to satisfy the needs of all stakeholders (including employees, and society at large?) (2) A Strategy and Strategic Scope A mission statement provides the commercial logic for the business and so defines two things: - The products or services it offers (and therefore its competitive position) - The competences through which it tries to succeed and its method of competing A business' strategic scope defines the boundaries of its operations. These are set by management. For example, these boundaries may be set in terms of geography, market, business method, product etc.

The decisions management make about strategic scope define the nature of the business. (3) Policies and Standards of Behaviour A mission needs to be translated into everyday actions. For example, if the business mission includes delivering " outstanding customer service", then policies and standards should be created and monitored that test delivery. These might include monitoring the speed with which telephone calls are answered in the sales call centre, the number of complaints received from customers, or the

extent of positive customer feedback via questionnaires. 4) Values and Culture The values of a business are the basic, often un-stated, beliefs of the people who work in the business. These would include: Business principles (e. g. social policy, commitments to customers) Loyalty and commitment (e. g. are employees inspired to sacrifice their personal goals for the good of the business as a whole? And does the business demonstrate a high level of commitment and loyalty to its staff?) Guidance on expected behaviour - a strong sense of mission helps create a work environment where there is a common purpose What role does the mission statement play in marketing planning?

In practice, a strong mission statement can help in three main ways: It provides an outline of how the marketing plan should seek to fulfil the mission It provides a means of evaluating and screening the marketing plan; are marketing decisions consistent with the mission? It provides an incentive to implement the marketing plan Marketing planning - the link with strategy Businesses that succeed do so by creating and keeping customers. They do this by management constantly have to assess which customers they are trying to reach and how they can design products and services that provide better value (" competitive advantage").

The main problem with this process is that the " environment" in which businesses operate is constantly changing. So a business must adapt to reflect changes in the environment and make decisions about how to change the marketing mix in order to succeed. This process of adapting and decision-making is known as marketing planning. Where does marketing planning fit in with the overall strategic planning of a business? Strategic

planning (which you will cover in your studies of " strategy' is concerned about the overall direction of the business.

It is concerned with marketing, of course. But it also involves decision-making about production and operations, finance, human resource management and other business issues. The objective of a strategic plan is to set the direction of a business and create its shape so that the products and services it provides meet the overall business objectives. Marketing has a key role to play in strategic planning, because it is the job of marketing management to understand and manage the links between the business and the " environment".

Sometimes this is quite a straightforward task. For example, in many small businesses there is only one geographical market and a limited number of products (perhaps only one product!). However, consider the challenge faced by marketing management in a multinational business, with hundreds of business units located around the globe, producing a wide range of products. How can such management keep control of marketing decision-making in such a complex situation? This calls for well-organised marketing planning.

What are the key issues that should be addressed in marketing planning?

The following questions lie at the heart of any marketing (or indeed strategic) planning process: Where are we now? How did we get there?

Where are we heading? Where would we like to be? How do we get there?

Are we on course? Why is marketing planning essential? Businesses operate in hostile and increasingly complex environment. The ability of a business to

achieve profitable sales is impacted by dozens of environmental factors, any of which are inter-connected.

It makes sense to try to bring some order to this chaos by understanding the commercial environment and bringing some strategic sense to the process of marketing products and services. A marketing plan is useful to many people in a business. It can help to:

- Identify sources of competitive advantage
- Gain commitment to a strategy
- Get resources needed to invest in and build the business
- Inform stakeholders in the business
- Set objectives and strategies
- Measure performance justification of behaviour and, therefore, exert significant influence on marketing decisions.

Why are values important in marketing? Caterpillar - and relied on Just one line of smaller bulldozers for most of its revenues. markets such as industrial robots and semiconductors. If shape the marketing planning? To succeed in the long term, businesses need a vision of how they will change and improve in the future. The vision of the business gives it energy. It helps motivate employees. It helps set the direction of corporate and marketing providing better value for the customer than the competition. Marketing Marketing planning - values and vision