Marketing Plans: How to Prepare Them, How to Use Them

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Theme of the Book

This has become one of the best and most used marketing books ever written in the field of Marketing Planning. The book has become the standard, almost the Bible, for many marketers and organisations with its comprehensive analysis, advice and structure for really effective marketing planning.

The author gives the reader several choices – these include access to comprehensive detail, fast track planning and suggested proformas and outlines - but above everything else, he achieves his primary objective of explaining and demonstrating how to prepare and use a marketing plan. This book is relevant to all business types and sizes of companies, providing a universal process which works and draws on the extensive experience and creativity of the author.

The author also offers a direct and very relevant focus to readers by inviting them to complete an initial questionnaire, helping them to focus on what are the essential deliverables from their strategic marketing plan. It can be matched with the final test included at the end of chapter 13 to check the quality of their strategic marketing plan and thereby evaluate for themselves the role of his book in helping to achieve each individual’s own key marketing planning requirements.
Key Learning Points

You will/will be:

- Challenged to address key strategic issues facing your business
- Encouraged to think creatively and innovatively in strategic marketing terms
- Guided through a systematic process which you can apply to your own organisation and situations
- Overall enhance your own marketing performance and that of your organisation in the real competitive world in which you operate

In more detail, here are some of the main learning points/book objectives:

- To outline a marketing planning process and its benefits
- To improve the overall quality of marketing plans
- To set challenging yet achievable objectives
- To help organisations' grow their businesses in line with their objectives
- To focus on market strategies which are implementable and effective
- To identify ways to increase profitability and market share
- To develop marketing skills
- To establish actions plans - to "Make things happen"
Prior to introducing the marketing planning process, the author places it in context, highlighting the central role of marketing as the “matching of a company’s capabilities and the wants of its customers in order to achieve the objectives of both parties” – growth and profits and customer value and satisfaction respectively. This rapidly focuses attention on market orientation and the marketing mix.

Comments are relevant to consumer, services and industrial markets with the real value of marketing and who is responsible for it addressed. Finally the importance of marketing orientation for an organisation as a whole is re-emphasised i.e. the importance of finding out what customer groups (segments) want and the process of organising all the company’s resources to satisfy those wants at a profit in delivering customer and shareholder value.

A diagram is included emphasising the key role of marketing and the challenge which companies face in successfully growing their businesses by achieving their objectives and meeting their customers’ key requirements: this is shown as follows and is a diagram which the author references several times as be builds the marketing planning process in stages throughout the book.
The Marketing Planning Process

The important roles, essential nature and key differences between strategic and tactical marketing plans are carefully defined: although the marketing planning process is relatively simple to understand intellectually, it is the most difficult of all marketing tasks to put into practice. It is defined as “the planned application of marketing resources to achieve marketing objectives”.

For organisations, operating in an increasingly hostile and complex environment, it is vitally important to move rapidly beyond basic forecasting and budgeting systems to strategic marketing planning if they want to achieve real success in their market places.

This is emphasised by reference to different market types, based on Michael Porter’s generic strategies matrix, and the strong emphasis on the need for a strategic longer term marketing plan as opposed to a tactical or operational one which might be based only on the next 12 months. The author’s “strategies/tactics matrix” is particularly revealing in that it highlights the
“thrive-survive-die” options, which companies face and, in the case of the latter two, can all too easily fall into.

In emphasising the importance of marketing planning, its key role and fit with corporate planning and the other business functions is illustrated. Later stress is laid on an obvious but overlooked aspect of successful marketing planning – the need for marketing objectives to be compatible with and help deliver corporate objectives and this is why the 10 step planning process starts with steps 1 Mission and 2 Corporate Objectives.

The essence of this book is the 10 steps - 4 phase marketing planning process which is shown as follows:

The 10 Steps Marketing Planning Process

Phase One - Goal setting
1. MISSION

Phase Two - Situation Review
2. CORPORATE OBJECTIVES
3. MARKETING AUDIT
4. SWOT ANALYSIS
5. ASSUMPTIONS

Phase Three - Strategy Formulation
6. MARKETING OBJECTIVES AND STRATEGIES
7. ESTIMATED EXPECTED RESULTS
8. IDENTIFY ALTERNATIVE PLANS & MIXES

Phase Four - Resource Allocation & Monitoring
9. BUDGET
10. 1ST YEAR DETAILED IMPLEMENTATION PROGRAMME

Measurement & Review

The marketing planning process outlines where the company wants to be, where it is now, how it will get there, with appropriate strategies and who will do what by when, including expected results and budget estimates. The strategic plan would usually be for 3 years, with the first year’s detailed implementation programme shown.
The following deal briefly with the 10 Steps:

**Step 1: Mission Statement** - this should include the company’s role or contribution, clear and precise definition of its business, emphasising the customer needs satisfied and the organisation’s distinctive competences. Finally the mission should briefly indicate future direction and intentions (it may be the organisation wishes also to spell out things it will never do or be).

**Step 2: Corporative Objectives** - will reflect shareholder expectations and the company’s long term vision of what it is striving to become: in practice these will usually cover desired levels of profitability, business boundaries regarding products, markets, facilities, personnel, funding and, if appropriate, social responsibility.

**Step 3: The Marketing Audit** - is the first and main stage of establishing where the organisation is now. Each organisation must establish its own key information areas but, typically, 4 major ones will be analysed – the external audit covering the business, economic, political, social and technological environment; competition; markets and customers; and the company’s own performance (internal audit) with key performance measures being identified.

**Step 4: The SWOT analysis** - usually follows the audit and assesses the company under “strengths” and “weaknesses” (which go together and are internal) and “opportunities” and “threats”, also paired (which are external). It is important that SWOT analyses should be completed for each market segment considered important to the company’s future.

**Step 5: Assumptions** – prior to setting marketing objectives, it is appropriate to make assumptions relevant to the subsequent plan. Such assumptions should be few in number and will usually relate to economic, marketplace and own company factors.

**Step 6: Marketing Objectives and Strategies** - represent the first part of phase 3 and require a company to make decisions based on the data obtained and analysed in phase 2. A marketing objective is what you want to
achieve and strategies are how you plan to achieve your objectives for your chosen market segments.

Essentially marketing objectives are about existing or new products in existing or new markets (the Ansoff matrix) and the marketing strategies focus on the 4 Ps (Product, Place, Promotion and Price).

**Steps 7 & 8:** estimate expected results and consider alternative plans and strategy mixes to deliver the appropriate corporate and marketing objectives.

**Step 9:** details the Budget with the financial projections for the 3 year strategic plan, usually with the first year in more detail.

**Step 10:** addresses the first year's detailed implementation programme with the appropriate actions, accountabilities and timescales carefully defined.

Having outlined the process, and suggested what should appear in a strategic marketing plan, the author considers some of the myths, problems and barriers regarding effective marketing planning, which include lost opportunities for profits, growing vulnerability to changes in the business environment and loss of control over the business. Some of these are exacerbated by common implementation problems, the most significant of which is lack of support from the Chief Executive.

The importance of good marketing planning and the key to its success is clearly emphasised: “*In today’s increasingly competitive markets there is a growing realisation that success in the future will only come from meticulous planning and market preparation*."

Knowledge Interchange Book Summaries

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The focus is now on the marketing audit: this is subdivided into a customer and market audit and a product audit. It is usual to complete the audit prior to writing the plan and a key focus in this section is on market segmentation.

Key reference is made to the important differences between consumers and customers, the definition of market and why market share is important, the Pareto analysis (or 80/20 rule) and its important implications, and particularly on the central role of market segmentation, which includes the key steps of: market definition, market mapping, listing who buys and combining these into lists of who buys what.

‘Why they buy’ is the final key stage in analysing customer behaviour and is now the most useful and practical way of defining market segments. It is vital in the marketing plan to focus on key market segments because overall company plans do not provide sufficient detail, are far too general and can be extremely misleading if planning takes place in such a broad context.

In the product part of the marketing audit, what products/services are sold to which market segments are considered; products and services are defined, looking at their core functional performance and their surrounds. Stress is put on the importance of brand and uses perception maps to illustrate brand positioning: reference is also made to product and company brands and global versus local considerations.

The concept of product life cycles and the importance of positioning a company’s products/services in their lifecycle has clear implications for resulting plan objectives and strategies. This key concept is extended by introducing the product portfolio and 2 key matrices – the Boston matrix and the Directional Policy matrix.
This is a key section – the Boston matrix classifying products according to their cash usage and cash generation along the 2 axis showing relative market share and market growth. The resulting titles given to the 4 categories in the Boston matrix reflect the prospects for each product in each quadrant and are now almost universally known as “Dogs, Question marks, Stars and Cash cows”.

An even more powerful matrix – the Directional Policy matrix (DPM) - shows markets/market segments classified on an attractiveness scale to the company, with its relative strengths in each of these markets measured against its best competitor. The resulting relative importance of each market is then clearly identified on the matrix enabling the company to choose its marketing objectives with good guidelines from the analysis to likely subsequent successful strategies central to the 3 year plan.

This stage is a key one in the marketing planning process developed by the author: he emphasises this with his detailed step by step approach to creating a portfolio. In showing clearly an organisation’s current position and enabling its future desired positions to be projected, he combines product lifecycles with portfolio management, which ideally, he says, “should have a company with a portfolio of products whose lifecycles overlap thus guaranteeing continuity of income and growth potential”.

### Setting Marketing Objectives and Strategies

The focus now moves to phase 3 - setting marketing objectives and strategies. The author looks to expand on the key requirement of “creating value propositions”, developing an understanding of customer needs and establishing the relative attractiveness of its market segments. All objectives and strategies should be market segment specific.
Setting marketing objectives is a mandatory step in the marketing planning process and these objectives must contribute to the achievement of agreed corporate objectives.

It is important to remember that marketing objectives are concerned solely with products and markets and an organisation can formulate objectives about:

- Selling existing products to existing markets (market penetration)
- Extending existing products to new markets (market extension)
- Developing new products for existing markets (product development)
- Developing new products for new markets (diversification)

If marketing objectives focus on what a company wants to accomplish, measured in terms such as market share, volume, value or percentage growth, then how this will be achieved depends on strategy.

Good marketing strategies should reflect a company’s best opinion as to how it can most profitably apply its skills and resources to the market place: strategy usually focuses on the major elements of the marketing mix (the 4 Ps). They seek to deliver competitor differentiation and advantage in the market segments in which the organisation wishes to operate: programmes should be timed.

There are separate chapters* - most likely to be of particular importance for those managers charged with the preparation of detailed operational plans - devoted to more detailed consideration of promotion, pricing, service and distribution: these are briefly referenced as follows.

*Note: At this stage of the book, under the exercise section, there are some extremely useful exercises suggested. The book concludes these exercises by reminding us that whilst there are only 4 types of marketing objectives, there are a much larger range of possible marketing strategies and the reader is invited to extend these beyond the 20 listed.
Communication Plans*

The communications plan is covered in 2 sections – the first addressing advertising and sales promotion and the second focusing on the sales plan: it is the first of the detailed chapters referenced above.*

In order to achieve its marketing objectives, an organisation has to communicate effectively with its existing and potential customers. It can do this directly, face to face, generally using a sales force or call centres or indirectly using advertising, promotion, electronic media or point-of-sale displays.

The choice of communication mix should ideally be determined on the basis of what is going to be the most cost effective in terms of achieving the objectives.

First there are the advertising objectives such as increasing awareness, conveying information, altering attitudes, generating desire and ultimately to give reasons for buying and to generate enquiries and possible sales.

Sales promotion objectives seek to influence sales people to sell, customers to buy and use, users to buy and recommend and distributors to stock. A variety of incentives/tactics are possible such as price reductions, coupons, competitions, free goods e.g. “buy one get one free” and services such as guarantees, special coverage and training.

Secondly consideration is given to the role of personal selling, which is defined as “promotion via a person to person conversation” wherever it takes place. It is perhaps the most flexible of the communications mix elements because it can achieve things which other forms of promotion cannot – not least ask for the order!
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Today the sales role is becoming increasingly broad with a wide range of activities to undertake, and all must be compatible with the marketing objectives established. It is stressed that it is not simply a matter of achieving a number of quantitative objectives which ultimately translate to hitting a variety of sales targets (by account, by product/service, by region and nationally etc.), but just as important are qualitative objectives which include more abstract, and less easily measured items, about customer relationships, loyalty/retention etc.

The marketing/sales activities are mapped reflecting supplier and buyer perspectives and interaction ones which require different perspectives in the process of communicating value between supplier and customer: changing needs have promoted CRM systems to support and underpin tailored communications.

The Pricing Plan*

Pricing is a key part of the marketing mix and “must relate to the marketing objectives defined for the products and services”. Whilst cost clearly impacts on pricing decisions, life cycle analysis, portfolio management and product positioning are key considerations for price level determination. Add to these issues competitors’ price levels, consumer attitudes and economic considerations and already it is evident that decisions about margin, impact on revenue, quantity and demand are not easily projected.

In preparing the pricing plan, the author seeks to use pricing as a strategic tool to gain competitive advantage; he considers a “skimming” policy with a high initial price moving down the experience curve at a slower rate against a “penetration” policy with a low initial price giving a much faster rate of product adoption and a steeper experience curve.
Pricing and positioning it as a marketing “tool” suggests “your pricing plan may be the most significant of all your planning options”.

**The Distribution and Customer Service Plan**

Physical distribution ensures products get to the right place on time and in the right physical condition: if a product is not available when and where the customer wants it, it is destined to fail in the market place, so key components in the distribution plan include management of forecasts, facilities, inventory and customer communications through the right marketing channels, including any reconfiguration of the organisation’s market map.

Developing a customer service package and delivering this to a company’s customers covers every aspect of the relationship between suppliers and their distributors and customers. It covers every activity from the time the order is placed to its final delivery and much more, which focuses totally on customer retention and profitability: we are reminded “this can only be successful if the concept is based on customers’ real needs” and this brings the readers to the vital role of good information.

**Information and Implementing Issues in Marketing Planning**

The author now addresses one of the most difficult aspects of marketing planning – “actually making it all work”. He returns to his marketing diagram, looking particularly at the “monitor value” box and emphasises the key role of market information and forecasting in bringing the plan to fruition.

Marketing information “is at the heart of a company’s” ability to plan and the book addresses all forms of data collection, marketing research, forecasting methods, organisational barriers, as well as questions about centralisation
versus decentralisation, internet strategy and how much money to spend on the whole information gathering process.

In ranging across these issues, the author looks at organisation life phases and culture, puts CRM in its “proper context” and provides the reader with a list of questions on key aspects of marketing planning and information, including key conditions for a company to achieve an effective marketing planning system.

The author establishes 10 key principles of marketing planning, looks at some of the planning paradoxes and raises questions about different planning approaches and measures for areas of improvement. He concludes by reminding the readers of the key planning steps and suggests a 12 month calendar of activities for effective marketing planning.

Chapter 13 is the final chapter in this excellent book. It offers the fast track approach and summarises all that has gone before providing, as promised, a set of proformas and guidelines for the production of the reader’s own marketing plan. Just as he/she are finishing these and perhaps congratulating themselves on a first class document and very enjoyable but comprehensive read, the author is there to guard against complacency!

He concludes by inviting the reader to complete his 12 final tests. Regardless of your scoring he is reassuring in advising that there is nothing that cannot be accomplished by implementing what is written in his book.
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