

SPOA Business Management

Practical Marketing Strategies



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1 - Introduction

Marketing is one of the most fundamental functions of any business and determines how the business will connect and interact with its customers and other important stakeholders. The business leader should place as much emphasis on marketing as any other business activity. Bear in mind that marketing is the only function which generates revenue.

What is marketing? There are a number of definitions including the one used by the CIM (Chartered Institute of Marketing):

“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

American Association of Marketing (AAM) definition is:

“Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.”

What is important to note in both of these definitions is that marketing is described as a process, not an event or a ploy. The AAM definition does not specifically identify customers and as we all know they provide the life blood of every business.

To be successful at marketing it needs to be customer focused and relate directly to the business objectives and strategy. A thorough understanding of how your business exists in its competitive environment is the next most important step before developing marketing plans and spending valuable resources of time and money on marketing activities and events.

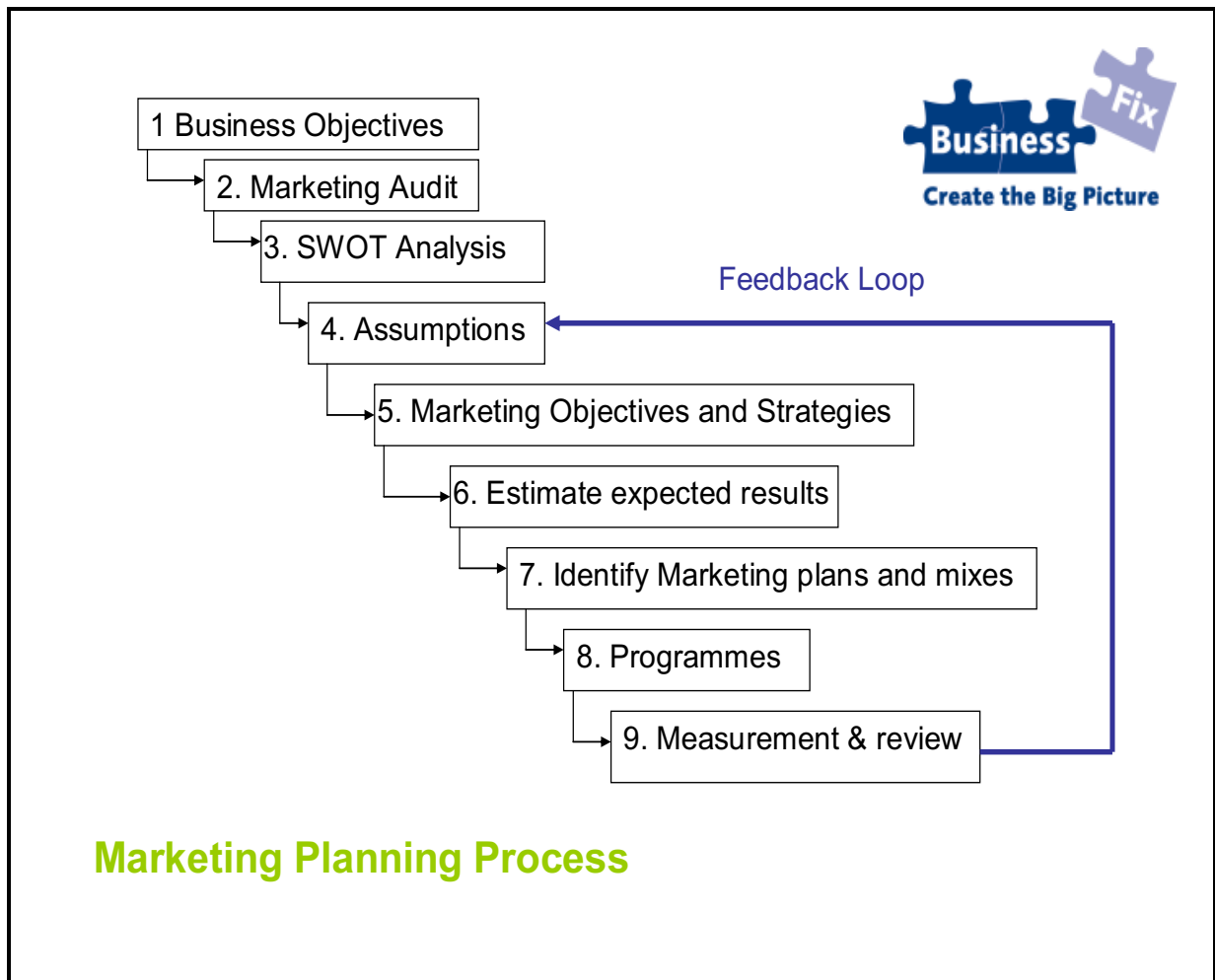
As John Harvey Jones is famous for saying

“There is no point deciding where you are going until you decide with great clarity where you are now. Like everything else in business it’s easier said than done.”

JH Jones recognized that a strategy is about moving something from its current state to a new more desirable state. To plan this journey it is vital to clearly understand the current state of the business. To do this it is necessary to carry out a marketing / business audit that considers all of the internal and external factors that impact on the organisation.

This document sets out a marketing planning process specifically for the smaller business but it can be applied to any size of business in any sector

2 - Marketing Planning Process



From 'Strategic Marketing Management' – Wilson-Gilligan, Pearson

The marketing planning process in the diagram above shows the relationship between the Business Objectives and the marketing activities of the business. The marketing planning process is an iterative process and should be adjusted when conditions change or measurement of results identifies the need for change.

It is important to ensure that the marketing activities are not carried out in isolation or in response just to offers from publications and other media.

9 steps of the Planning Process

1. Business Objectives – the objectives for the business should set out the desired turnover and profit. The objectives could also express how you wish the business to be seen by customers and others in society.
2. Marketing Audit – this is the process of identifying how the organisation is currently perceived. More detail on this is provided at the end of the workbook.
3. SWOT Analysis – an analysis of the strengths and weaknesses of the organisation and also the opportunities and threats facing the business. More detail provided in the SWOT section
4. Assumptions – to put the planning process in context it is necessary to make some assumptions about key elements of the general economy and what is likely to happen in the markets the organisation operates in.
5. Marketing Objectives and Strategies – a set of measurable objectives need to be developed that will identify what the organisation expects to achieve from marketing. Could address greater awareness of the services offered, volume of sales, sales growth, type of desired customer, value of spend per customer.
6. Estimate Expected Results – although the marketing and business objectives are the desired results it is necessary to create the range of possible outcomes that could emerge and to identify the acceptable levels of performance.
7. Identify Marketing Plans and Mixes – not all customers are the same and it is important to develop marketing plans for each segment of customers and to develop a specific 'Marketing Mix' for the identified segments.
8. Programmes – for many businesses there are specific times when your marketing message will be most effective and the programmes will set out the specific timing for each campaign.
9. Measurement and Review – to identify what elements of the marketing plans are working it is important to set out the criteria on how you will measure their effectiveness. When results are known the plans can be adjusted or changed in response to the measured results.

3 - Business Objectives, Vision & Values

What is the purpose of your business (Vision)?

What are the key objectives for the next 3 years?

Financial

People

Reputation

Geographical

Customer Base

What are your key business values? (What does your business stand for?)

4 - Strengths; Weaknesses; Opportunities; Threats

When setting out the SWOT analysis of the business it is also necessary to describe each item in sufficient detail so that a third party can understand the impact on the business.

Strengths

These are internal factors that give the business a competitive edge or could provide that competitive edge if developed. Strengths should be an advantage over competitors.

- What do you do well?
- What are your advantages?
- What do other people see as your strengths?

Weaknesses

A weakness is also an internal factor. As with strength, the elimination of a weakness could provide a competitive advantage

- What could you improve?
- What do you do badly?
- What should you avoid?
- What are your competitors doing better than you?

Opportunities

Opportunities are external and are relative to the current abilities of the business or will require the business acquiring new skills, knowledge or abilities.

- Where are the good opportunities facing you?
- What are the interesting trends you are aware of?
- Changes in technology and markets on both a broad and narrow scale?
- Changes in government policy that may affect your markets?
- Changes in social patterns, population profiles, lifestyle changes etc?
- Local events?

Threats

Threats can arise from many factors, global challenge, new technology, new regulations, environmental considerations, competitors etc

- What obstacles do you face?
- What are your competitors doing?
- Bad debt or cash flow problems
- Are the requirements for your product or service changing

SWOT Analysis

Internal	Strengths	Weaknesses
External	Opportunities	Threats

5 - Market and Economy Assumptions

The achievement of the business objectives will be subject to the external business environment as much as by internal operations and activities. To set the objectives into context it is prudent to set out the expectations for the changes, growth and political influences on the economy and the market sectors or niches that the business wishes to operate in.

The assumptions can then be tracked to identify if it is necessary to adjust or change objectives.

Assumptions:

1

2

3

4

6 - Marketing Objectives/Strategy Development

6.1 - Customer Analysis

Before identifying your marketing strategies and objectives you need to identify who your customers are and how they benefit from your products and services

Describe your main products / services

What benefits/value do your customers gain from your product / service

Who are your key customers?

Where are they and how do you communicate to them?

6.2 - Competitor Analysis

Equally it is important to understand how the business compares to its competitors

Who do you compete against?

What do they offer that clients value?

What do they offer that you don't?

Why would clients choose your offering over your competitors? (This is your USP – unique selling proposition)

6.3 - Marketing Strategy

		Product	
		Existin	New
Market	Existin	Market Penetration <div>1</div>	Product Development <div>4</div>
	New	Market Extension <div>2</div>	Diversification <div>1</div>

Ansoff Matrix (1957)

Numbers in boxes indicate level of risk

The Ansoff Matrix set out above offers a proven guide to understanding the growth opportunities available to an organisation.

The four boxes of the matrix identify how to characterize the opportunities as follows:

- Market Penetration – Selling existing products/services to existing markets
- Market Extension – Extending existing products/services to new markets
- Product Development – Developing new products for existing markets
- Diversification – Developing new products for new markets

The numbers in the boxes indicate the level of risk in adopting each of the four available strategies

6.4 - Marketing objectives

Describe the strategies for each of the 4 Ansoff options and create objectives for each strategy

Market Penetration (1)

Market Extension (2)

Product Development (4)

Diversification (16)

7 - Segmentation of Customers

Only a proportion of potential customers will use your services or buy your products so it is important to use your scarce marketing resource and budget to target as accurately as possible.

Grouping customers with similar needs and requirements is useful to enable the business to tailor and target the marketing to the group.

Customer groups could be large or small or in some cases consist of only one organisation

Ideas for segmentation:

Customer location

Profiles

Attitudes

Lifestyles

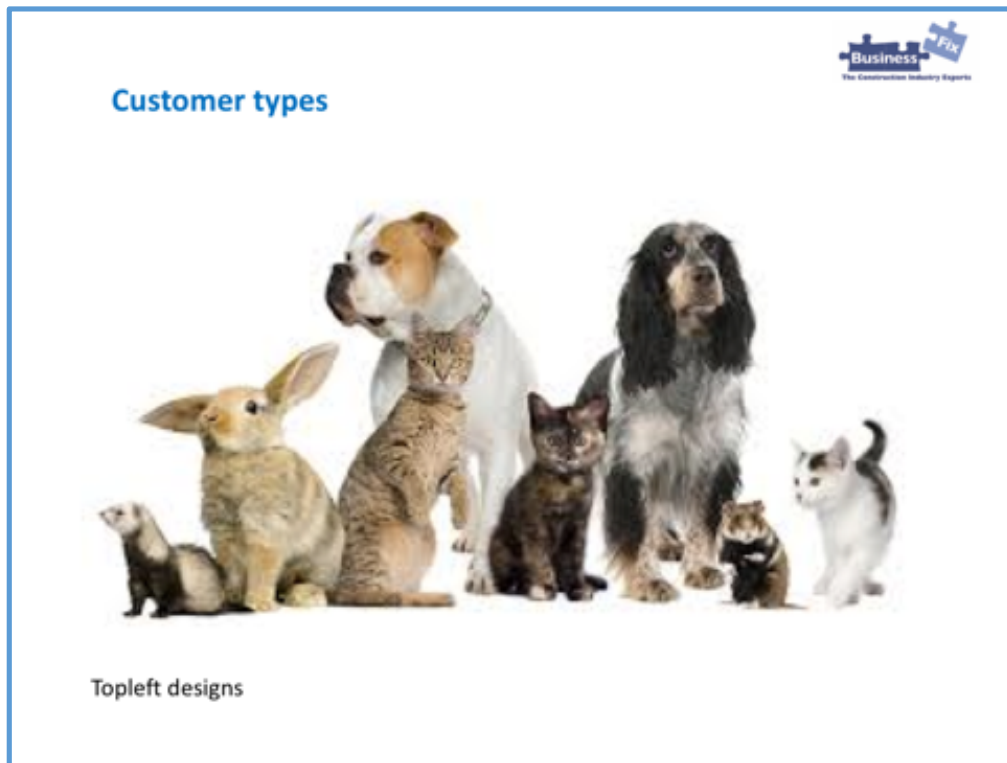
Buying behaviour

Values

Repeat opportunity

One off availability

Customer segmentation



The Pareto principle (also known as the 80/20 rule, the law of the vital few, or the principle of factor sparsity):

- states that, for many events, roughly 80% of the effects come from 20% of the causes. [Management consultant Joseph M. Juran](#) suggested the principle and named it after Italian [economist Vilfredo Pareto](#), who noted the 80/20 connection while at the [University of Lausanne](#) in 1896, as published in his first paper, "*Cours d'économie politique*". Essentially, Pareto showed that approximately 80% of the land in Italy was owned by 20% of the population; Pareto developed the principle by observing that about 20% of the [peapods](#) in his garden contained 80% of the peas.

It is a common [rule of thumb](#) in business; e.g., "80% of your sales come from 20% of your clients."

Also most likely 80% of your profits will come from 20% of your customers and not necessarily the same as above.

Test it and see if this applies to your business



Customer Types

Dogs: these are clients who stick with you through thick and thin. Always faithful and providing you are bare of them they are able to be relied upon.

Cats: now these clients love you and sing your praises but only as it suits them. They are independent thinkers but do rely on you constantly giving them attention otherwise they could stray next door.

Rabbits: these people hop about feeding where there is food that really have no relationship with your business. They come, go and will over time come back in the regularly.

Rats: these are the ones who are just into what they can get. Quite often they travel in packs They follow what is currently fashionable or best price and are not at all interested in value, quality or allegiance. These are the type of customer who is buying on price.

Customer loyalty / viability

The above descriptors provide an insight into the customers that you deal with. You can categorise them in different ways by assigning more neutral terms, Silver, gold, platinum.

Providing the same discounts, attention and support to every customer can be a drain on resources.

- Does a rat have the same importance as a dog or cat?
- Can you develop your rats into more useful citizens?
- Who do you invite to your social events?
- Who gets the most visits?
- Who gets the Christmas bottle?

CRM System (Customer Relationship Management)

How do you keep track of your customers and their people?

- Sage
- Excel spreadsheet
- MS Outlook
- Phone contacts

A good CRM system is a powerful business tool and enables a permanent record of customer contacts and the nature of your contacts with them. CRM need not be expensive and can be bought as a SaaS, “Software as a Service” product which is backed up in the Cloud and usually available to multiple users on all devices

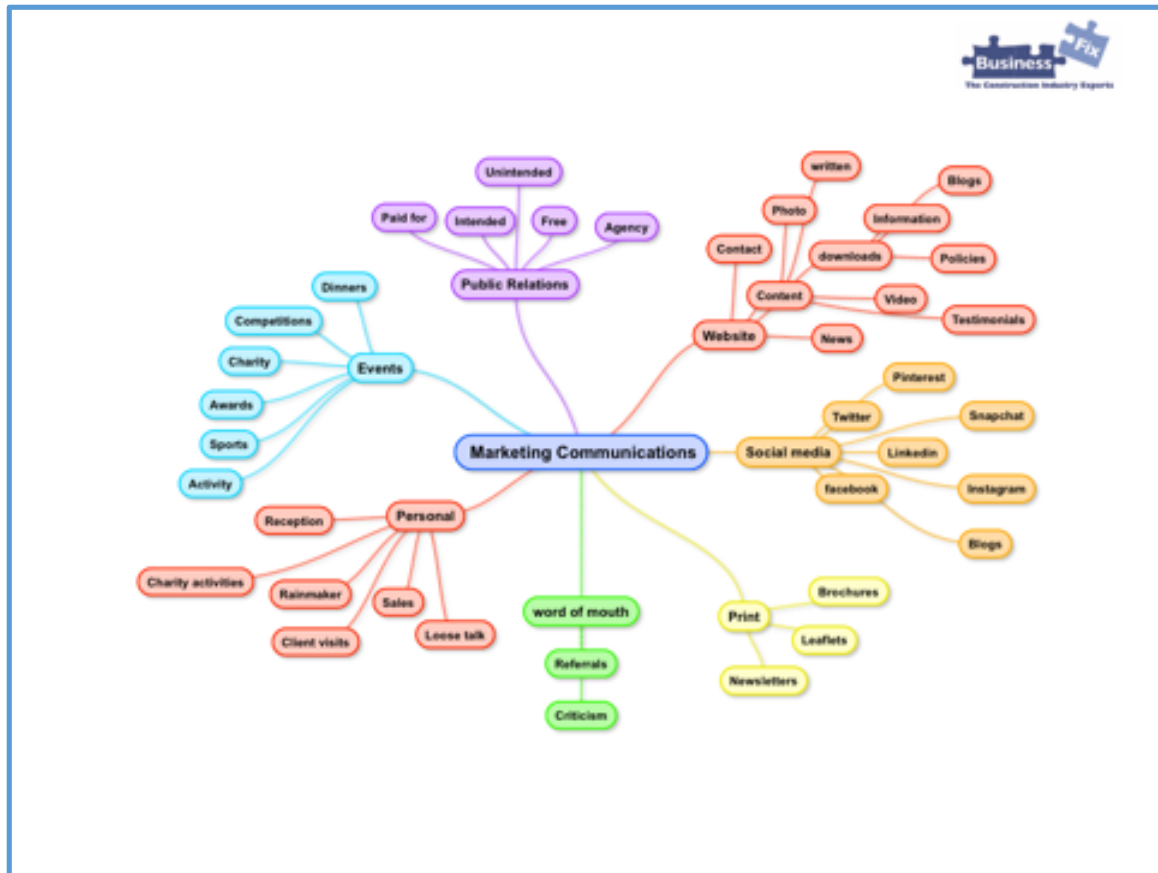
You can use your CRM system to manage segmentation and also to personalise communications to individuals and businesses.

CRM will allow you to distribute social media, newsletters and offers to groups of customers and individuals.

8 - The Marketing Mix

Product plan	Price plan
Place plan	Promotion plan
People plan	Process plan
Physical Evidence plan	Sales Plan

9- Marketing communications



10 - Marketing Programmes

For each product to each market sector / segment there needs to be a planned and costed programme for the related marketing activities. This will be based on the marketing mix for that segment and the important seasons for promotion relative to that segment.

The marketing programme should set out the planned marketing / sales activities that will take place and how these will vary with market activity, seasonal activity and customer needs.

It is helpful to set out your programme on a quarterly or even monthly basis so you can see what events are coming up. Creating an event planning sheet (see example) is very helpful and it ensures actions and activities are carried out in good time and not left till the last minute.

Marketing events can be any of the following:

- Planned PR
- Advertising – repeat or occasional
- Planned sales promotions
- Direct mail shots
- Hospitality events
- Sponsorship renewals
- Website updates
- Blogs
- Social media plans
- Seasonal e.g. Christmas
- Creating, updating the marketing plan
- Sales activities

The better the plan the better the control of the event or activity. The expected outcome can be planned for, followed up and appraised.

The events plan can be set out in Excel or Microsoft Project to provide visibility, control and a reporting mechanism. There are a number of free programmes similar the Microsoft Project that can be used.

Market Segment

Type of Activity

Responsibility of

Timing

- PR
- Selective advertising
- Sales promotion
- Personal selling
- Direct mail
- Events
- Sponsorship
- Networking
- Web site
- Email campaigns
- Newsletters
- Online social networking

Event / Activity Planning Sheet for:			
Planning starts		Event date(s)	
Brief description			
Event owner		Support from?	
Actions required			
What		When	Who
Others Involved &Role			
Internal		External	
Expected Outcomes		Actual outcomes	
Follow up			
What		When	Who

11 - Measurement & Review

Set out in this section your key metrics for monitoring the progress of your marketing strategy and the effectiveness of your marketing activities.

The metrics should be important measures of success for your business and ideally should already be measured.

E.g. Number of new enquiries, Increase in monthly spend, Increase sales volume, New orders secured etc

1. Event / Activity_____ -
2. Event / Activity_____
3. Event / Activity_____
4. Event / Activity_____
5. Event / Activity_____
6. Event / Activity_____
7. Event / Activity_____
8. Event / Activity_____

12 - Marketing Audit

Here it is necessary to set out everything that you know about your business's competitive environment and you will need more than one page to do this. The headings below are the main elements to consider. Be honest and if there is information you don't have then set out an action plan to source that information.

The Macro Business Environment

- Political/Legal/Fiscal
- Economic/demographic
- Social/cultural
- Technological
- Ecological

The Marketing Environment

- Markets
- Competitors
- Distributors and Dealers
- Advertising and PR

The Business & Marketing Strategy

- The Business Mission
- Corporate and Marketing Objectives
- Marketing Strategy

The Marketing Organisation

- Management
- Functional Efficiency

The Systems Audit

- Information Systems
- Planning Systems
- Control Systems
- New Products Systems

The Productivity

- Profitability Analysis
- Cost –effectiveness Analysis

The Functions

- Products
- Price

-
- Distribution
 - Sales Force
 - Advertising and Promotion
 -

The following items need specific attention in detail to complete the audit

Competitors

- Who are they?
- How do they win business?
- What do they do differently?
- How can you rank them?

Political, Economic, Social, Technological, Environmental and Legal factors (PESTEL)

- Set out the impact of these external factors have or could have on the business in the next three years

Current marketing activities

- List activities
- Set out costs and time on each activity
- How successful is each activity

Customer profiles

- Identify current customers
- Segment into profiles
- Can you measure how much business from each customer / segment