

The business planning process

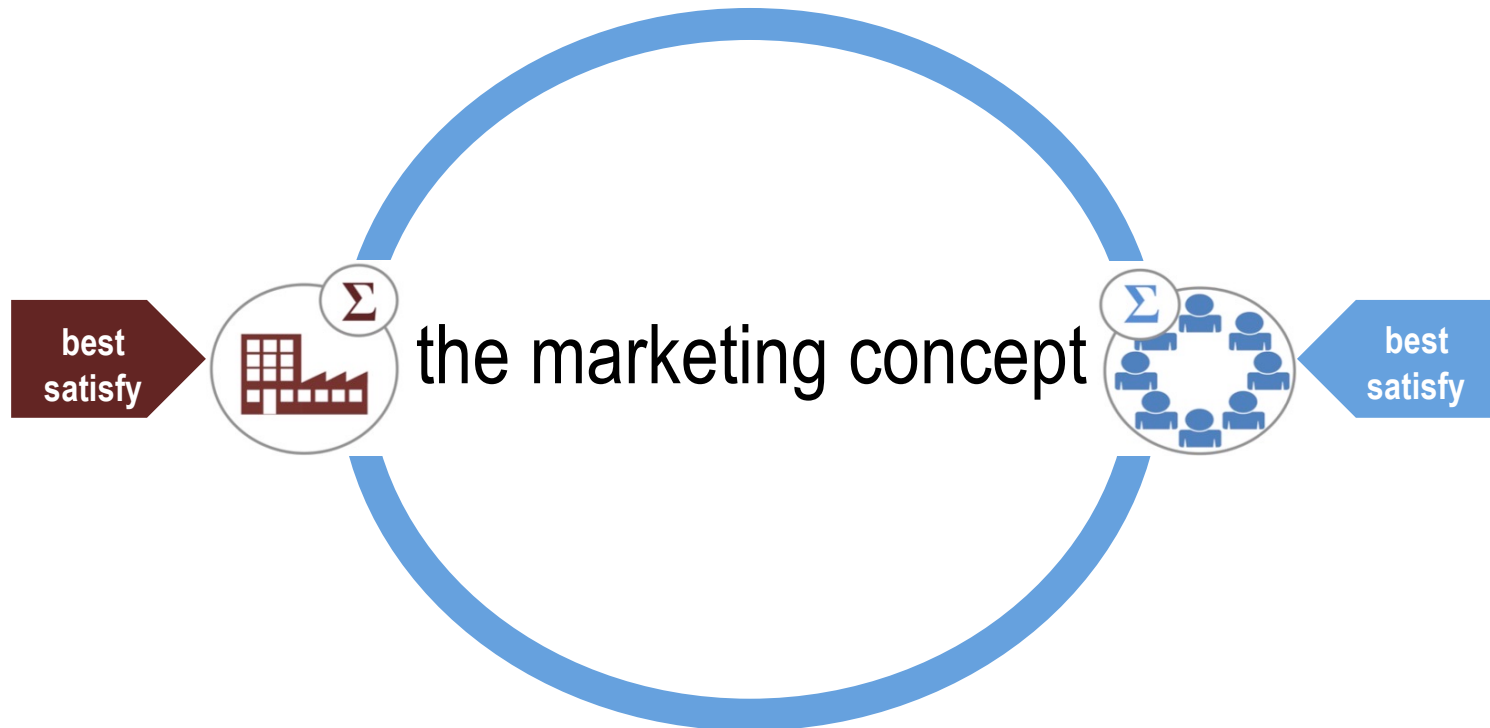
Key slides



an ^{overarching} umbrella concept



‘organisations that best satisfy the needs [& wants] of their customers and best placed to satisfy their own needs’





A marketing practitioner's objectives



A marketing practitioner's objectives



3 strategic objectives

- product leadership
- customer intimacy
- operational excellence

3 financial objectives

- increase sales revenue
- reduce costs [as a % of sales]
- build value of the business

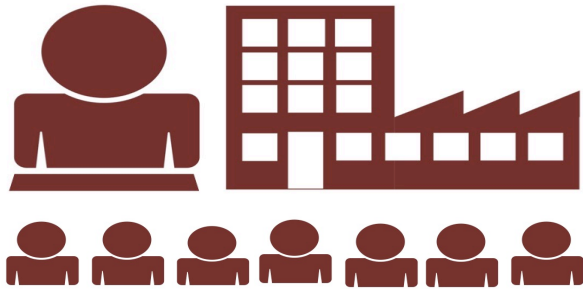
3 communication objectives

- attract customers
- retain customers
- enhance relationships

Important

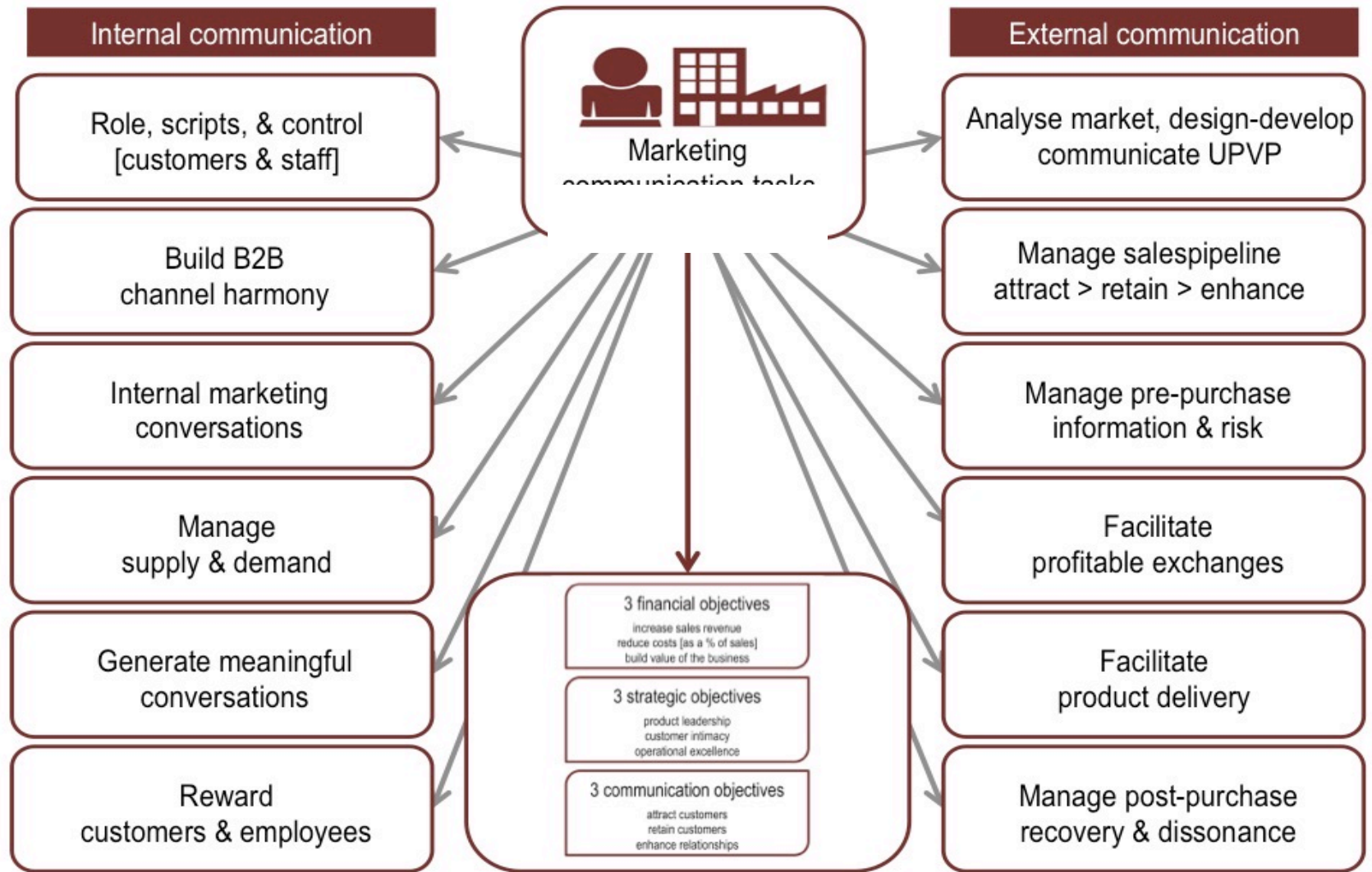


What are the task marketing practitioners undertake



Identify the strategic philosophy of an organisation, **collect and analyse information**, design and develop a marketing plan, implement the marketing action plans, and then evaluate the performance and take the necessary corrective actions.

Note: CA DD IE



Note how communication is broader than advertising

A marketing audit for a 'start-up' is different to an established business with historical data.



Organisations adopt the marketing concept

Exploring the COMP factors is part of due diligence prior to entering a market



Organisation considers the prevailing situational factors [COMP]

Designing & developing a marketing philosophy is a critical early step.



Then

Design and develop a unique marketing philosophy



This Nurtures an organisational *culture*

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Note how COMP factors influence the organisational direction and culture



Marketing research



Marketing practitioners

collect & analyse the COMP factors



Collect and analyse data on the

the customer, organisation, the market, & the product

Keep in mind



Situational factors impact consumption decisions

COMP factors can be viewed through the lens of consumers & organisations



customer



organisation



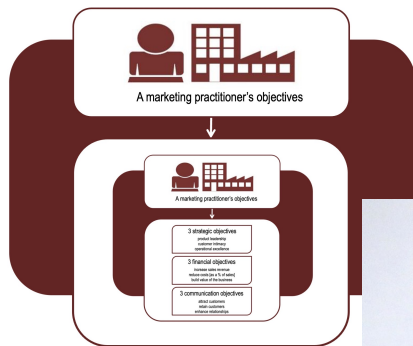
market



product



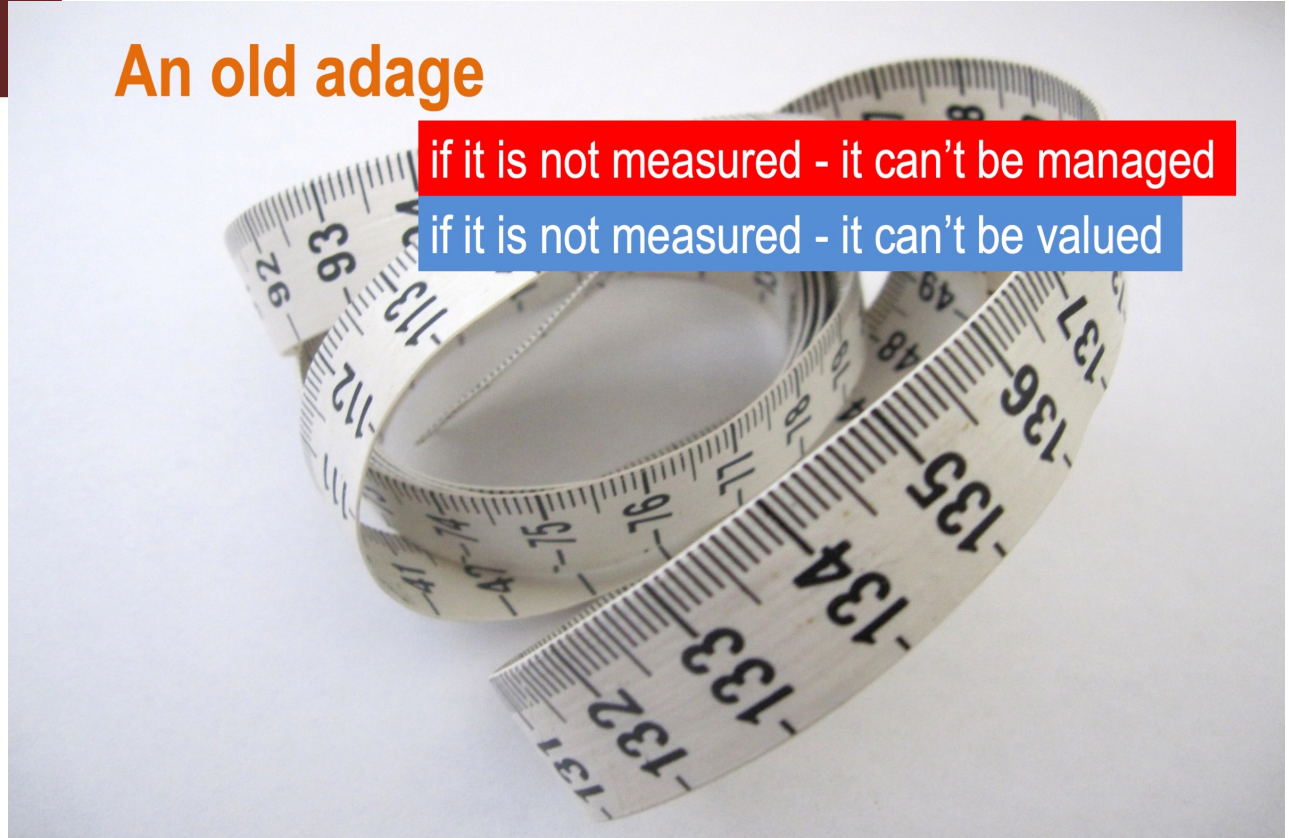
Situational factors impact business decisions



An old adage

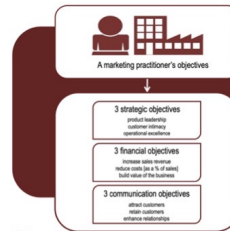
if it is not measured - it can't be managed

if it is not measured - it can't be valued



Important

marketing metrics
are when
marketing practitioners
'drill-down' into the COMP factors



to achieve
marketing objectives

Situational factors

COMP - Customer

- Customer - fundamental needs, wants, expectations
- Customer motives
- Customer benefits
- Customer involvement
- Customer segmentation
 - identification, characteristics, attractiveness, communication
- Perceptions of qualities, costs, value
- Customer pre-purchase patterns - forming expectations
- Customer satisfaction [customer experience]
 - episodic - cumulative - collective - aggregate
 - customer deviations from expectations
- Customer trust
- Customer retention & enhancement
- Customer life-time value
- Customer post-purchase behaviour -
 - Loyalty services - referrals - repeat patronage

COMP - Organisation

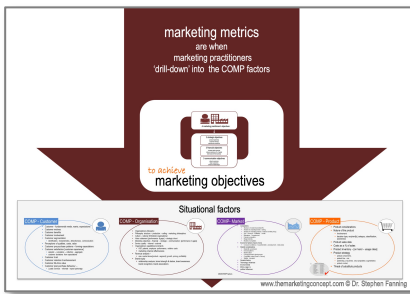
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- Philosophy structure - production - selling - marketing philosophies
- Culture - national [ethnolite] organisational
- Vision statement [performance & goals] - strategic intent
- Marketing objectives - financial - strategic - communication [performance & gaps]
- Service quality - internal - external
- Organisational capabilities/constraints
 - KSF, patents, employee performance, relative costs
- Revenue analysis -
 - marketing channel effectiveness
- Brand equity
 - size, market share [product - segment], growth, pricing, profitability
 - relationship analysis, brand strength & stature, brand awareness
 - brand recognition, brand associations

COMP- Market

- Competitors
 - Structure of market channels [22]
 - Analysis of competing brands - marketing
 - Analysis of competing products - features benefits pricing
 - Size - customer - profitability - Growth
 - Markets - Competitors
 - Product competition
 - Marginal costs
 - Market competition
- Economic factors [macro-micro]
 - Consumer confidence - household debt - unemployment - retail activity
- Market considerations
 - Market size factors
 - Demand patterns
 - Market structure
 - Emerging growth & development
 - Competitive nature [Porter's 5 forces]
 - Market segments
- Social factors
 - Technology influences
 - Environmental
 - Ethics, legal, & political influences

COMP - Product

- Product considerations
- Nature of the product
 - Involvement
 - decision type, recipient(s), category, classification, awareness
- Product sales data
- Costs as a % of sales
- Product inventory - [on hand - usage rates]
- Product strategy
 - product components,
 - product line - mix,
 - positioning, uniqueness, value proposition, augmentation,
 - product contact,
- Threat of substitute products



Marketing practitioners must ...

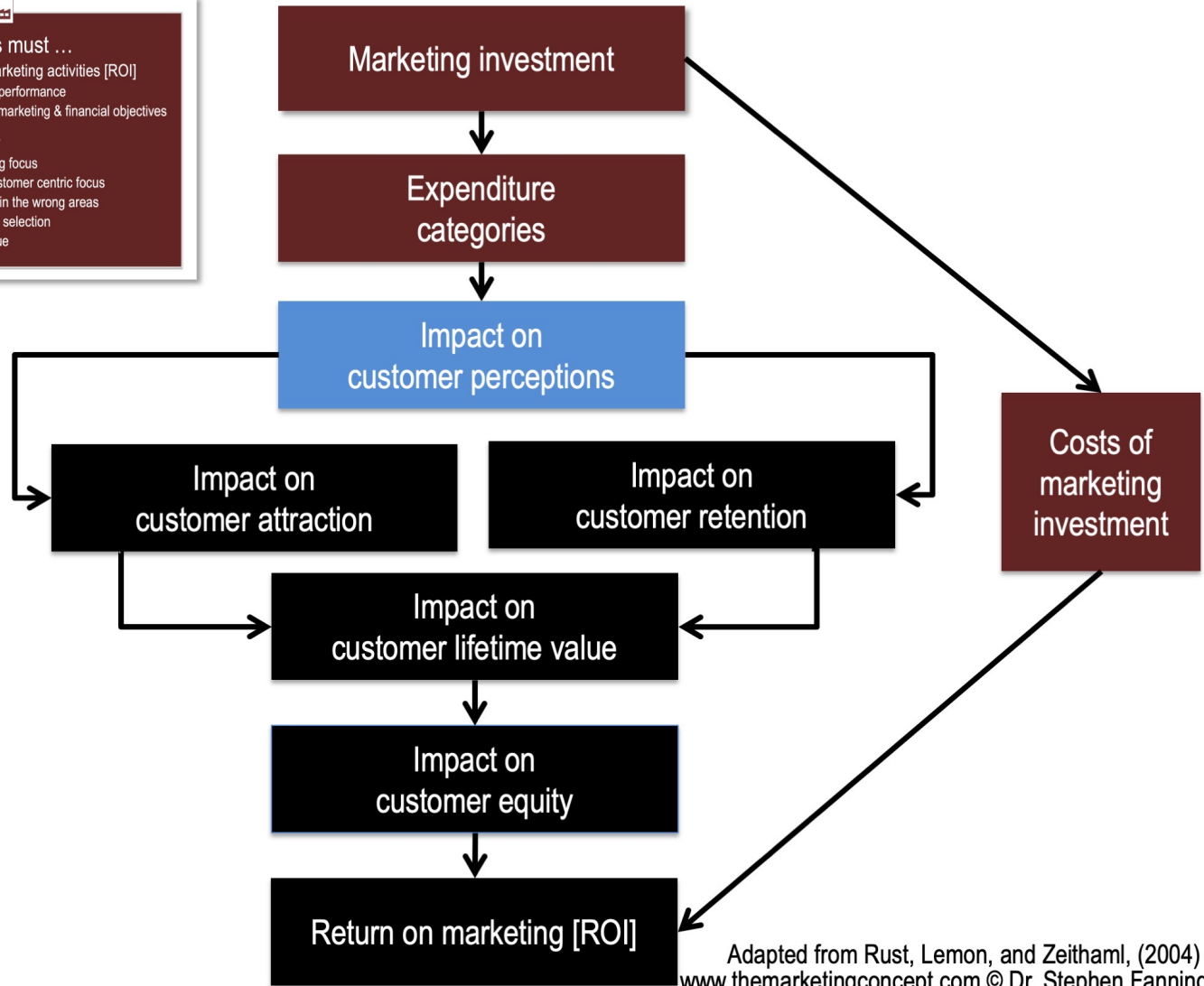
- Demonstrate the value of marketing activities [ROI]
 - Put systems in place to track performance
 - Identify relationship between marketing & financial objectives
- Poor marketing practice may
 - Encourage a short-term selling focus
 - Neglect a long-term brand customer centric focus
 - Invest marketing expenditure in the wrong areas
 - Result in poor strategy/tactics selection
 - Neglect customer lifetime value

Marketing should be considered
as a 'service' to the
organisation



Marketing practitioners must ...

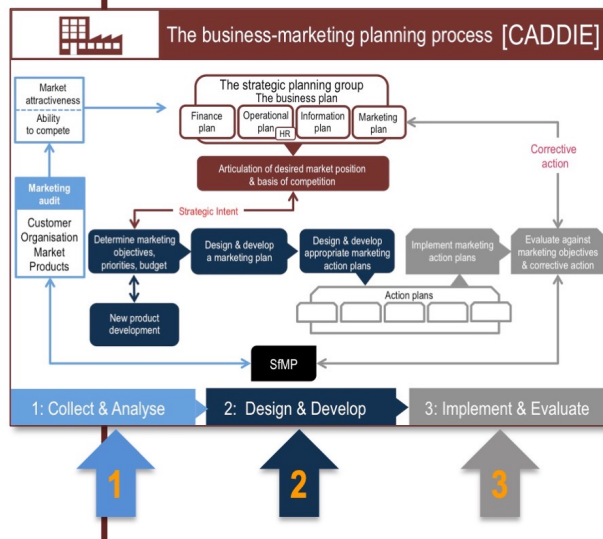
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Adapted from Rust, Lemon, and Zeithaml, (2004)
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The 3 stages of CADDIE



We will refer to this process as CADDIE

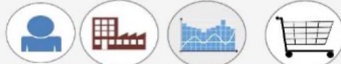
The 3 stages of the business-marketing planning process:

1. **Collect & Analyse** relevant information
2. **Design & Develop** the business plan, marketing plan & action plans
3. **Implement & Evaluate** the specifications in the action plans

1

The business-marketing planning process [CADDIE]

Collect & Analyse



The strategic planning group
The business plan



Articulation of desired market position
& basis of competition

Marketing
audit

Customer
Organisation
Market
Products

Strategic Intent

Determine marketing
objectives,
priorities, budget

Design & develop
a marketing plan

Design & develop
appropriate marketing
action plans

Implement marketing
action plans

Evaluate against
marketing objectives
& corrective action

Corrective
action

New product
development

Action plans

SfMP

1: Collect & Analyse

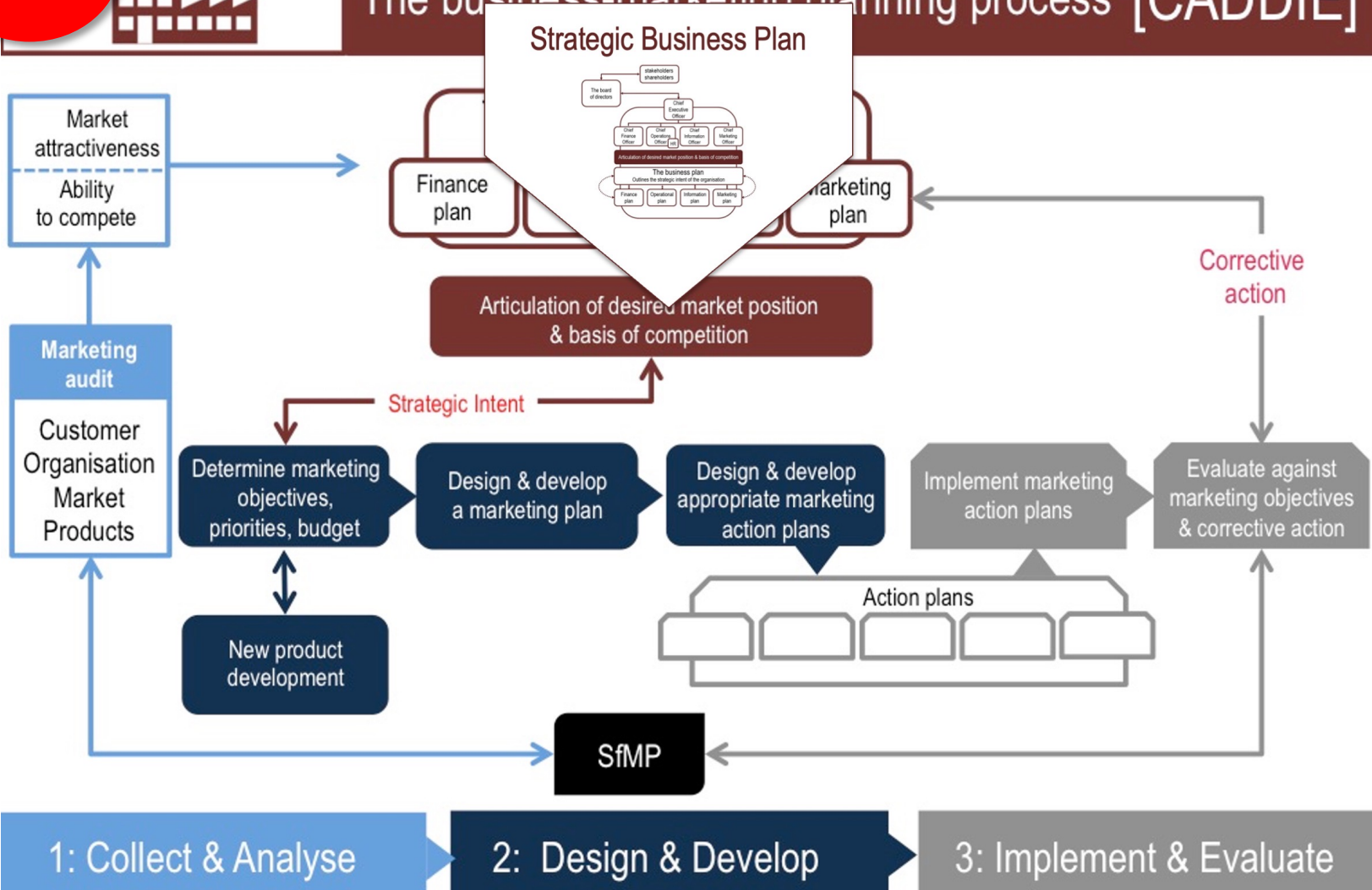
2: Design & Develop

3: Implement & Evaluate

2a



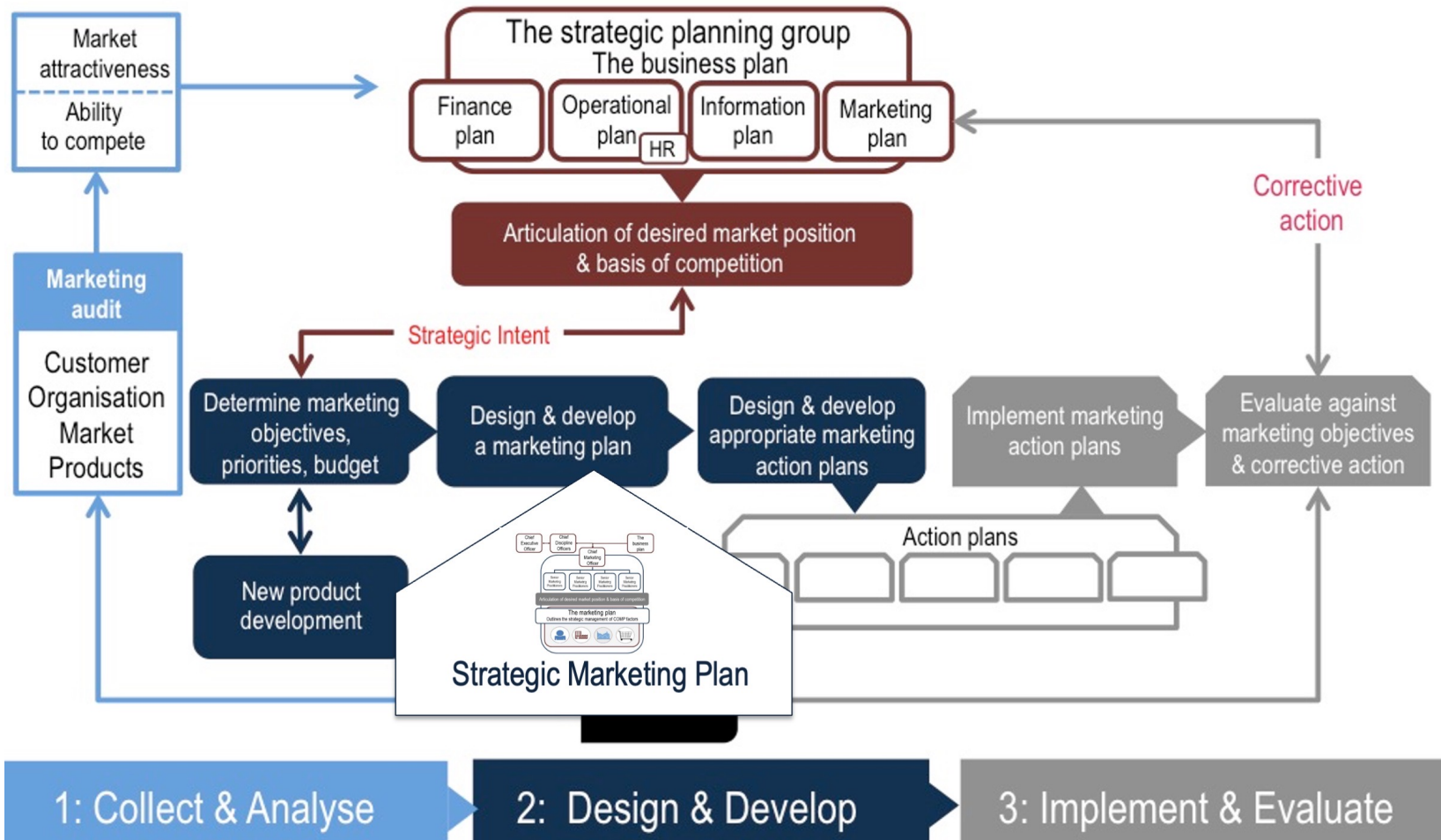
The business-marketing planning process [CADDIE]



2b

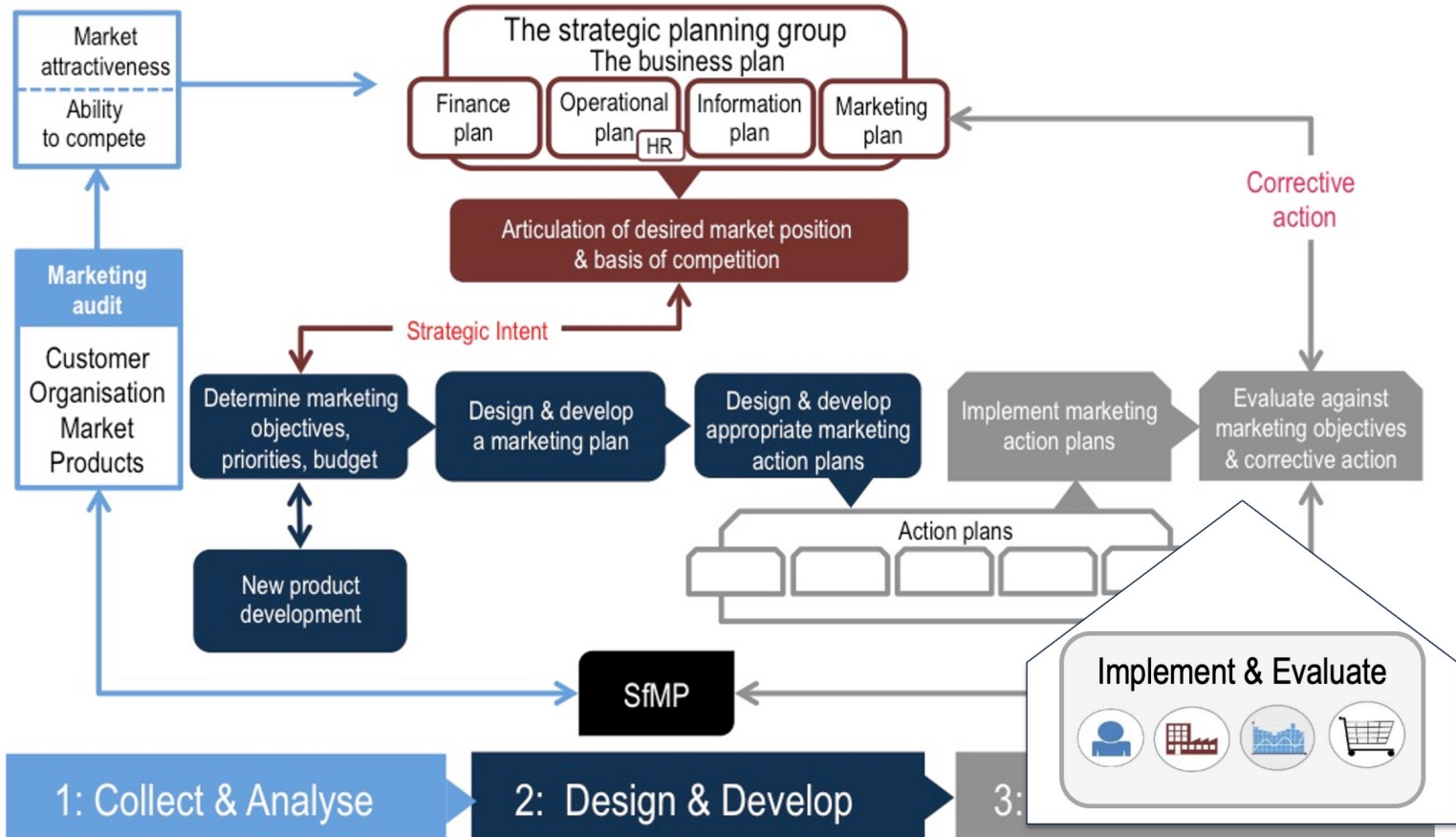


The business-marketing planning process [CADDIE]

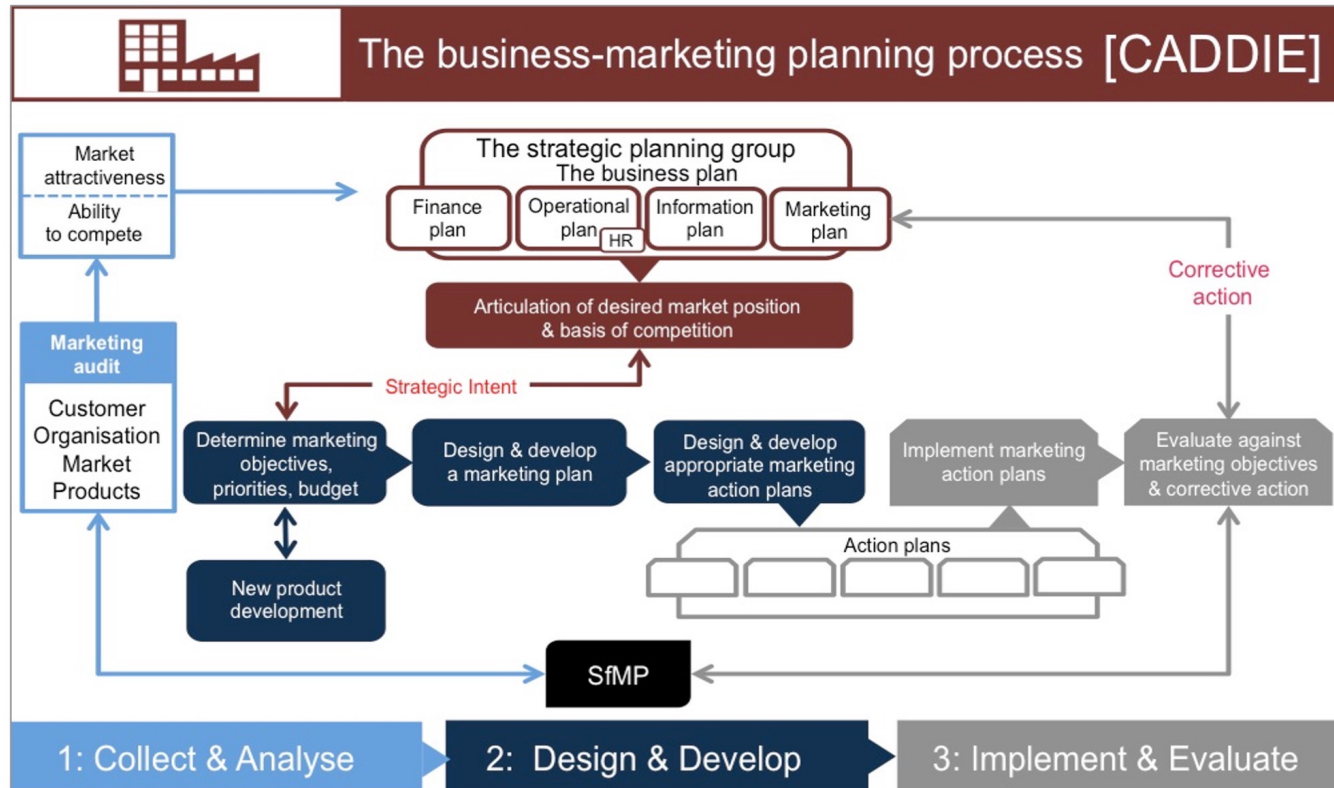




The business-marketing planning process [CADDIE]



Think [1] strategy [2] tactics [3] congruency



The COMP factors influence all decision-making for both customer & organisation

COMP factors



Customer considerations



Organisation considerations



Market considerations



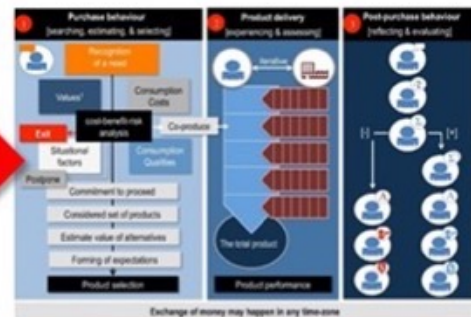
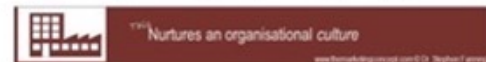
Product considerations



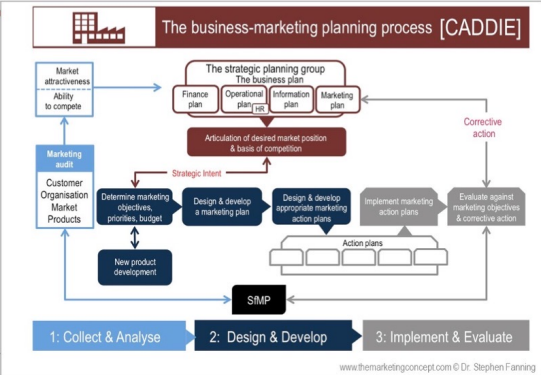
Organisation considers the prevailing situational factors [COMP]



Design and develop a unique marketing philosophy



COMP factors are central to the CADDIE business-marketing planning process



Historical COMP data
previous financial years
may indicate trends

Current COMP data
the current financial year
the recent situation

Forecast COMP data predicts likely outcomes the next planning cycle

Emergent COMP data
the unfolding situation
to be managed

Collect & Analyse

Design & Develop

Implement & Evaluate

COMP - Customer



- Customer - fundamental needs, wants, expectations
- Customer motives
- Customer benefits
- Customer involvement
- Customer segmentation
 - identification, characteristics, attractiveness, communication
- Perceptions of qualities, costs, value
- Customer pre-purchase patterns – forming expectations
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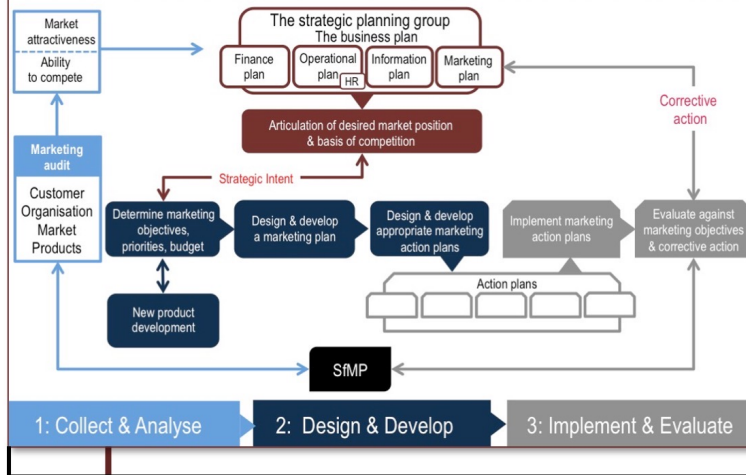




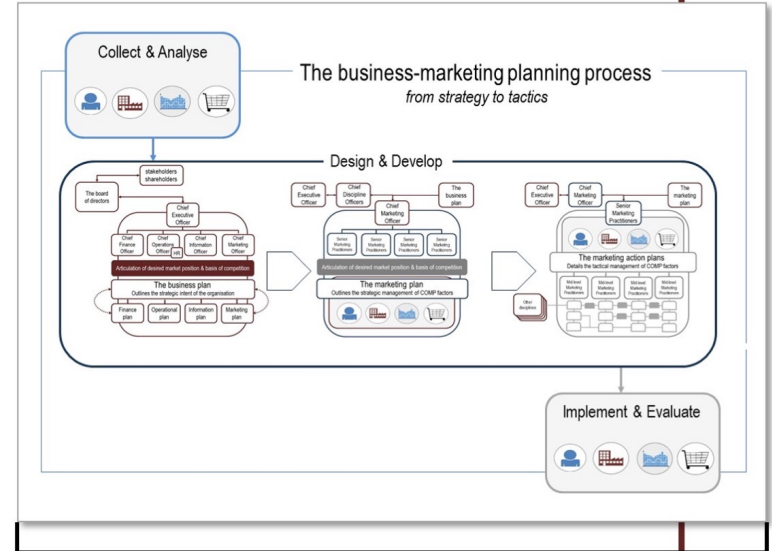
The 3 stages of CADDIE



The business-marketing planning process [CADDIE]



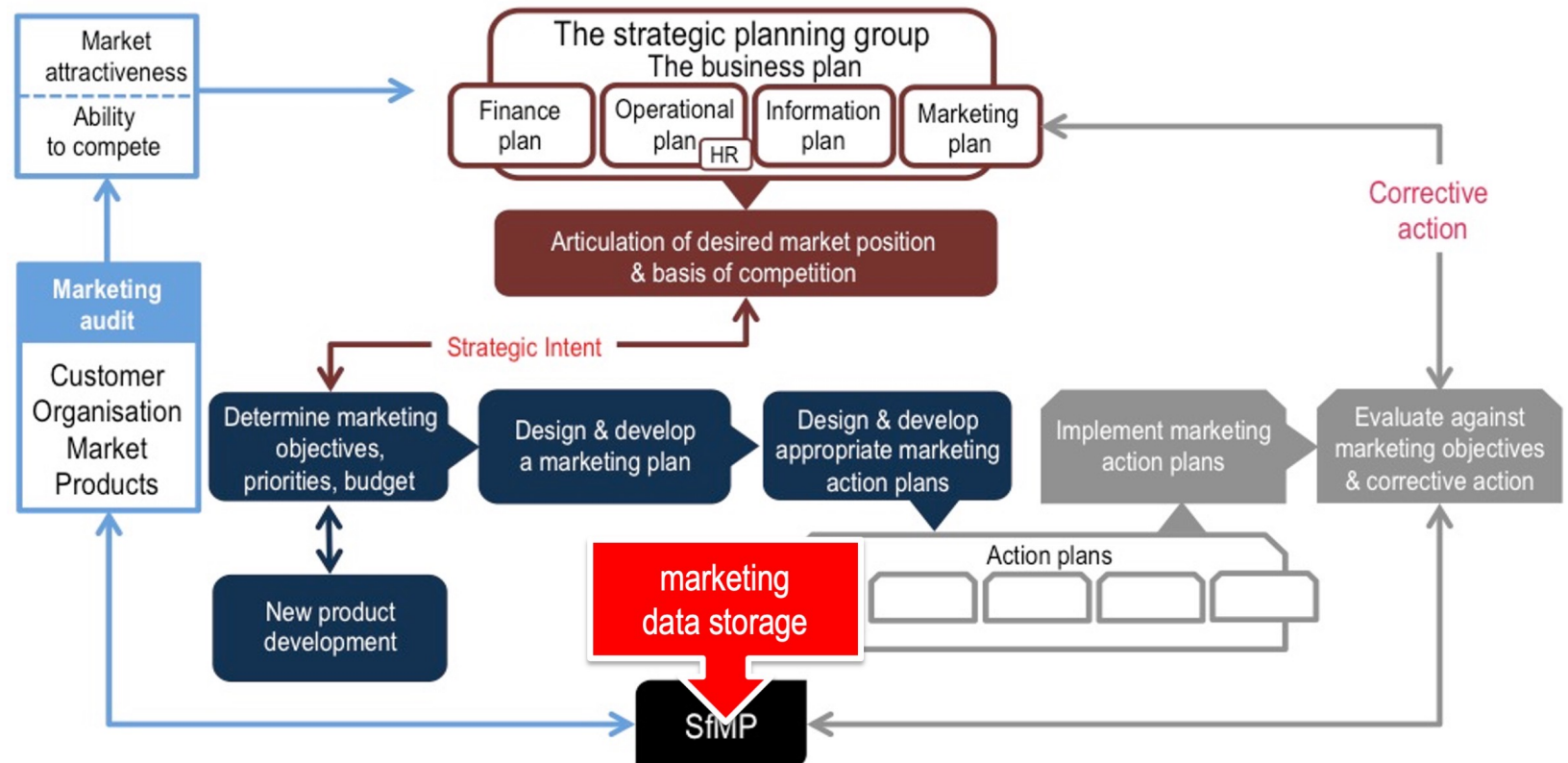
Process



People



The business-marketing planning process [CADDIE]



1: Collect & Analyse

2: Design & Develop

3: Implement & Evaluate

Clarifying key terms

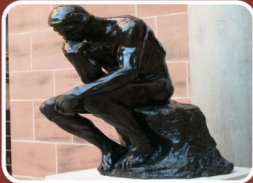


Marketing Audit

Where is the organisation at the present?

What are the current situational factors?

How well does our total product meet the needs of our customers?



Marketing Plan

Articulation of desired position and basis of competition

Identification of market strategies

Identification of market/revenue goals



Marketing Action Plans

Identification of tactics

Identification of responsibilities and timeline



Marketing implementation & evaluation

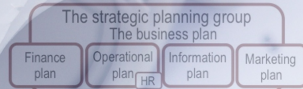
Measure performance against specifications

Take corrective action where necessary

Important

The architect metaphor

The business-marketing planning process [CADDIE]



Just as an architect would have written specifications

Each component of the business plan would have specific outcomes.
Each function agrees that this is the business that they are building.



A business plan is like the working drawings of an architect
Different disciplines have different plans & responsibilities

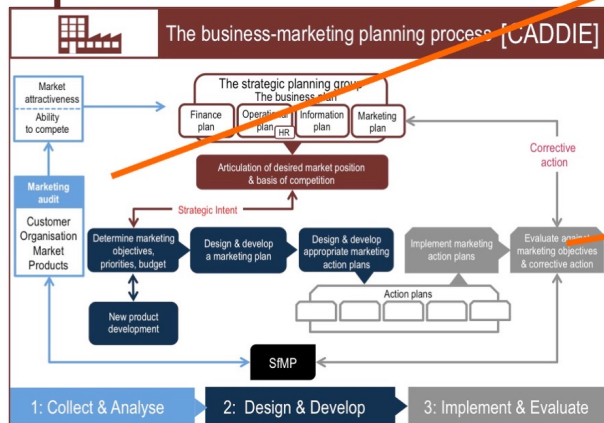




Everyday marketing research

Two types of everyday marketing research:

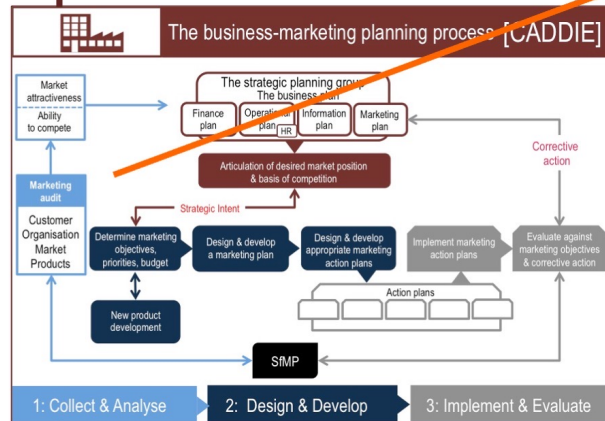
1. **Strategic research** is conducted as part of the business planning process. This is referred to as conducting a **marketing audit**
2. **Tactical research** is conducted to evaluate the performance of the organisation against the objectives specified in the marketing plan & marketing action plans. When necessary take corrective action



recap



Everyday marketing research - strategic

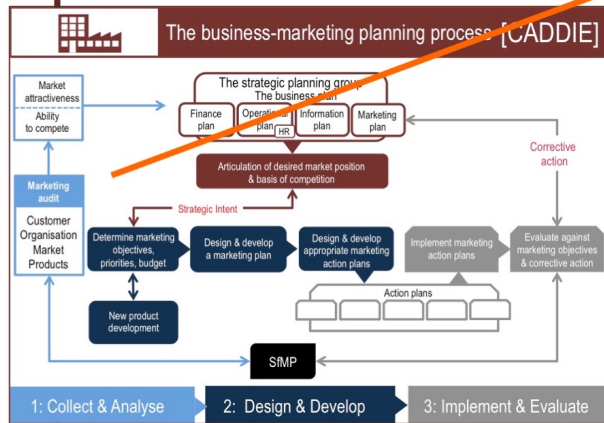


- **Strategic marketing research** is conducted as part of the business planning process.
- This is referred to as conducting a **marketing audit** & explores the situational factors facing the organisation [COMP]:
 - **Customer**
 - **Organisation**
 - **Market**
 - **Products**

recap



Everyday marketing research - strategic

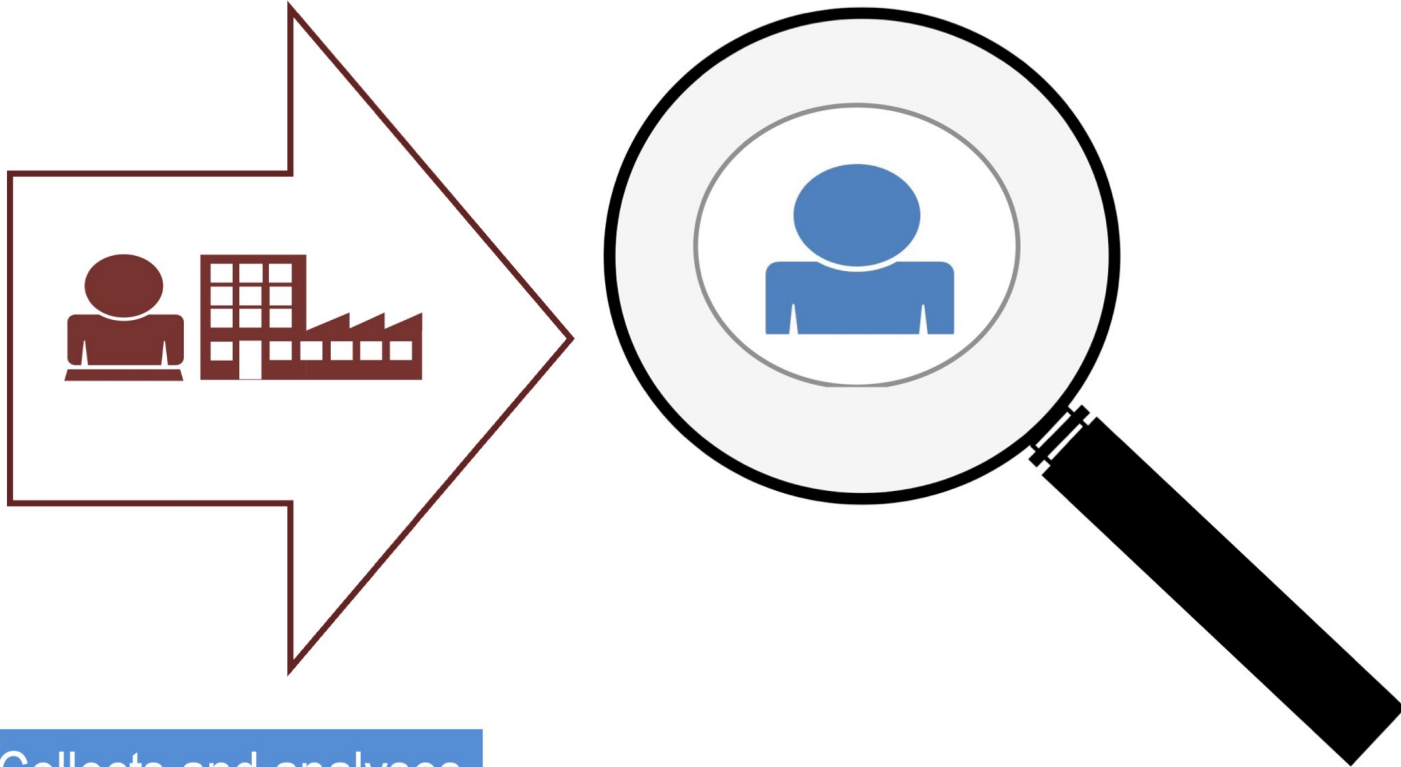


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recap



Everyday marketing research - strategic



Collects and analyses

the characteristics of the customers

recap

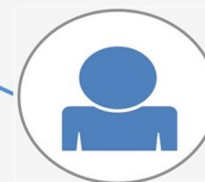


The marketing audit – COMP



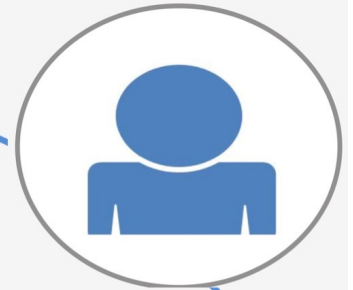
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recap

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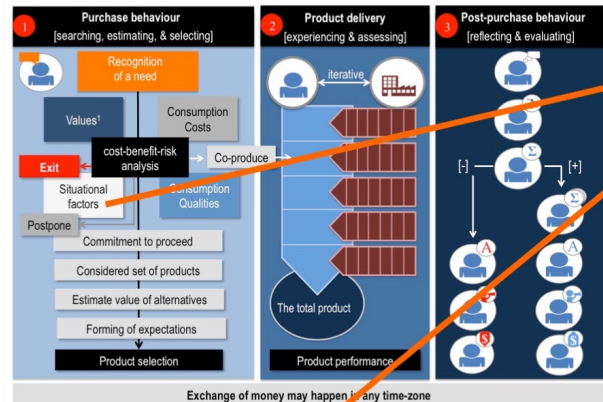


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The marketing audit – COMP factors



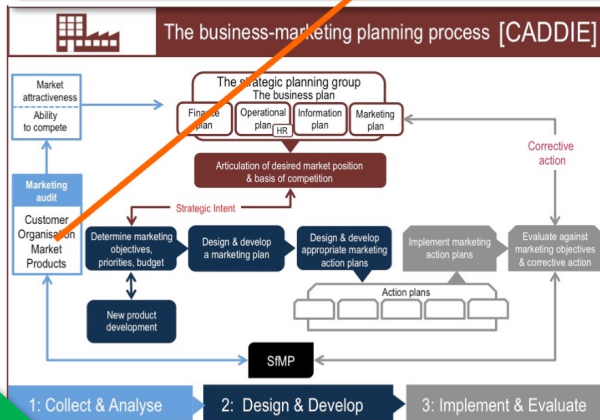
The situational factors [COMP] influence the consumer and the organisation

a consumer perspective

- Influences the consumer's buyer decision process

an organisational perspective

- Influences the business-marketing planning process



recap



The marketing audit – COMP



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recap

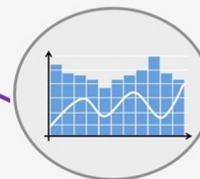


The marketing audit – COMP



COMP- Market

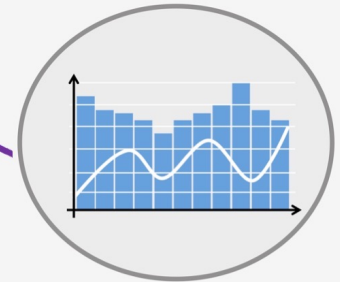
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CEMSTEEP factors

recap

COMP- Market



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- **Societal factors**
- **Technology influences**
- **Environmental**
- **Ethics, legal, &**
- **political influences**

recap

COMP factors



- 
- ## Product considerations
- Product types
 - Product positioning
 - Product strategic direction
 - Product adaptation
 - Product differentiation
 - Product category
 - Product class
 - Product line - product mix
 - Product line extension
 - Product modification
 - Product general discontinue
 - Product deactivation
 - Product obsolescence
 - Products - vitamin/mineral
 - Products - active/instrumental
 - Product innovation
 - Product adoption & life cycle
 - Product adopter groups
 - Product life cycle
 - Product value proposition
 - Product leadership
 - Product ownership
 - Product complexity
 - Product decision type
 - Product delivery duration
 - Product compatibility
 - Product inseparability
 - Product perishability
 - Product convenience
 - Product formality
 - Product uniqueness
 - Product components
- 
- Importance & context

recap

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Product considerations

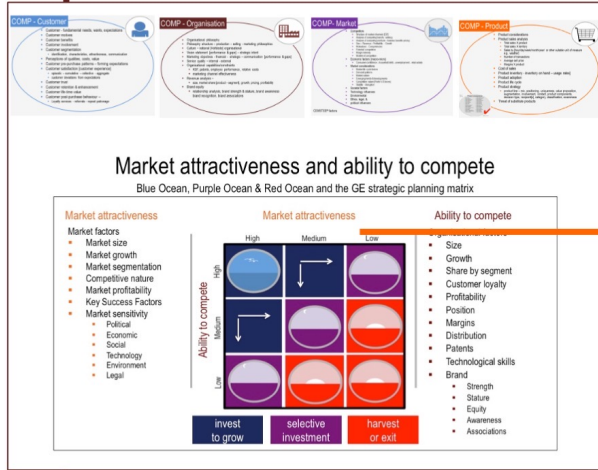
- ✓ Product layers
- ✓ Product positioning
- ✓ Product strategic direction
- ✓ Product augmentation
- ✓ Product recipient
- ✓ Product classification
- ✓ Product category
- ✓ Product class
- ✓ New – product mix
- ✓ Extension
- ✓ Repositioning
- ✓ Product adoption & life cycle
- ✓ Product adopter groups
- ✓ Product properties
- ✓ Product value proposition
- ✓ Product leadership
- ✓ Product stewardship
- ✓ Product complexity
- ✓ Product decision type
- ✓ Product delivery duration
- ✓ Product contact
- ✓ Product inseparability
- ✓ Product variability
- ✓ Product perishability
- ✓ Product comprehension
- ✓ Product familiarity
- ✓ Product uniqueness
- ✓ Product components

recap

language & concepts



The business-marketing planning process

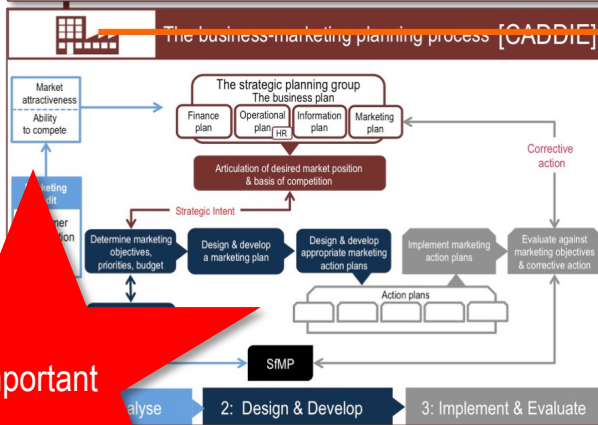


The COMP information is analysed

- To determine
 - The market attractiveness
 - The ability to compete [in the market]

This information will be passed on through the Chief Marketing Officer to the strategic business planning group via:

- A report
- A presentation



Important



The business-marketing planning process [CADDIE]



The strategic planning group
The business plan

Finance
plan

Operational
plan

HR

Information
plan

Marketing
plan

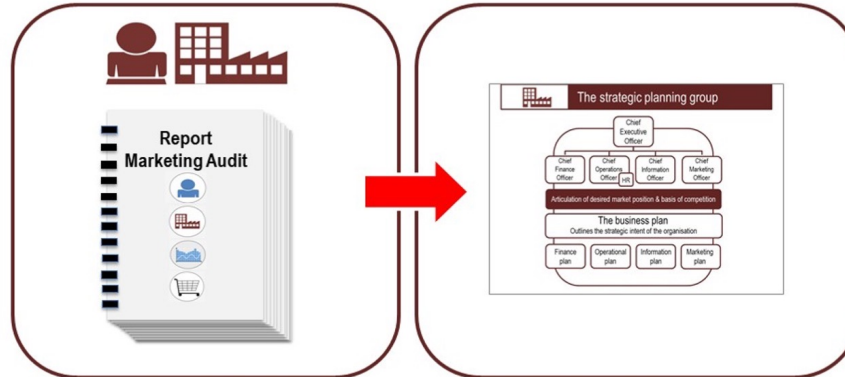
Market
attractiveness
Ability
to compete

Marketing
audit

Customer
Organisation
Market
Products

Marketing* Audit Report

* The other disciplines would also report



Report on the organizational performance & the situational factors
+ the market attractiveness & ability to compete

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Corrective
action

Implement marketing
action plans

Evaluate against
marketing objectives
& corrective action

Important

Implement & Evaluate

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The marketing audit [collection document]

- **Cover page** [with Marketing Audit - authors of the document - a place for who conducted the audit]
- **Table of contents** [the word document needs to be formatted to show a hierarchy of importance]
- **Overview** of CADDIE process - [details the process - includes a statement of purpose]
- **Foundation Questions**
 - Explanation of the 3 business approaches [includes a statement on how the marketing concept leads to a competitive advantage]
 - Identifying the present position [organisational philosophy, mission statement, and *raison d'etre*]
 - Explanation of situational factors [COMP]
- **Collect and Analyse**
 - Customer audit [explore the customer characteristics that a marketing practitioner must consider - customer considerations]
 - Organisational audit [explore the organisational characteristics that a marketing practitioner must consider - organisational considerations]
 - Market audit [explore the market characteristics that a marketing practitioner must consider - market considerations]
 - Product audit [explore the product characteristics that a marketing practitioner must consider- product considerations- quality, value, satisfaction, +]

recap



The marketing audit [the report]

Template for Marketing Audit Report

- Executive summary
- Overview of the marketing audit process [methodology]
- Presentation of data [COMP factors]
- Conclusions [the findings of the marketing audit]

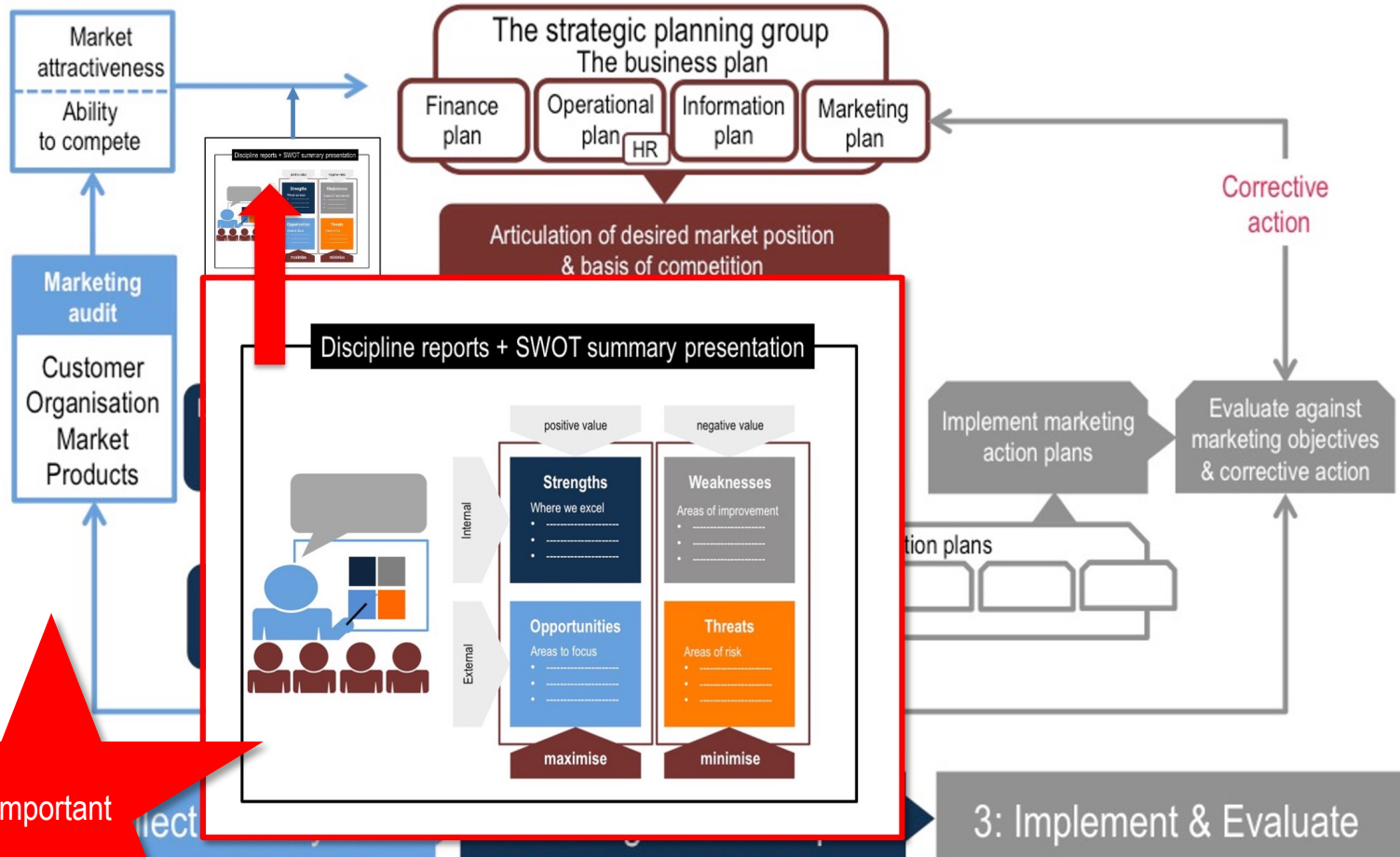
Template for SWOT Presentation

- A template to present the Strengths, Weaknesses, Opportunities and Threats facing the organisation
 - what is internal and external - what should be maximised or minimised]

recap



The business-marketing planning process [CADDIE]



Important



Organisations adopt the marketing concept



Organisation considers the prevailing situational factors [COMP]



Then Design and develop a unique marketing philosophy

This Nurtures an organisational culture

The business-marketing planning process

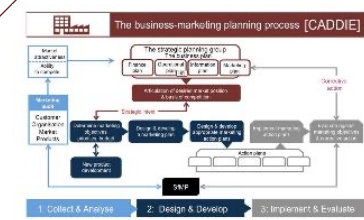
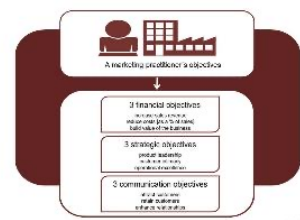
articulates organisational objectives

articulates marketing objectives

designs & develops marketing strategies & tactics

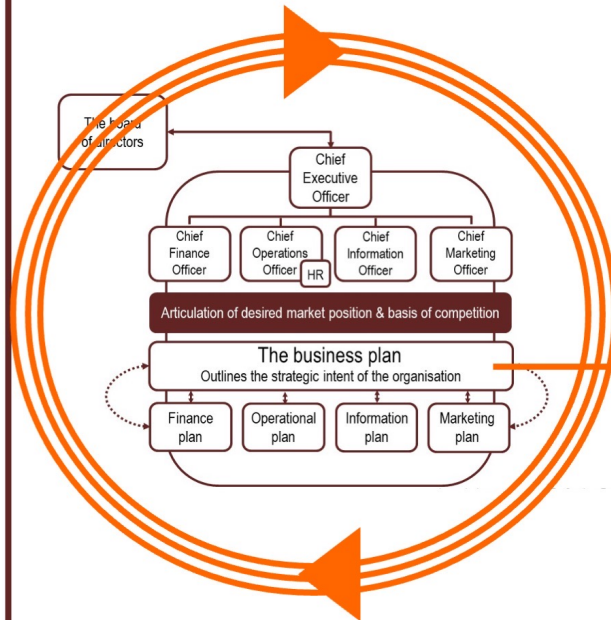


Implement & evaluate tactics to manage COMP factors & achieve agreed marketing objectives





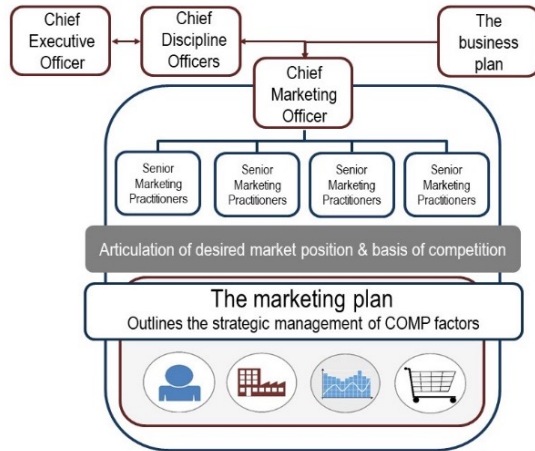
The business-marketing planning process



The next step would be an iterative process where the strategic planning group & the discipline groups craft the business plan and the various discipline plans



The Strategic Marketing Planning Group



Re-articulate:

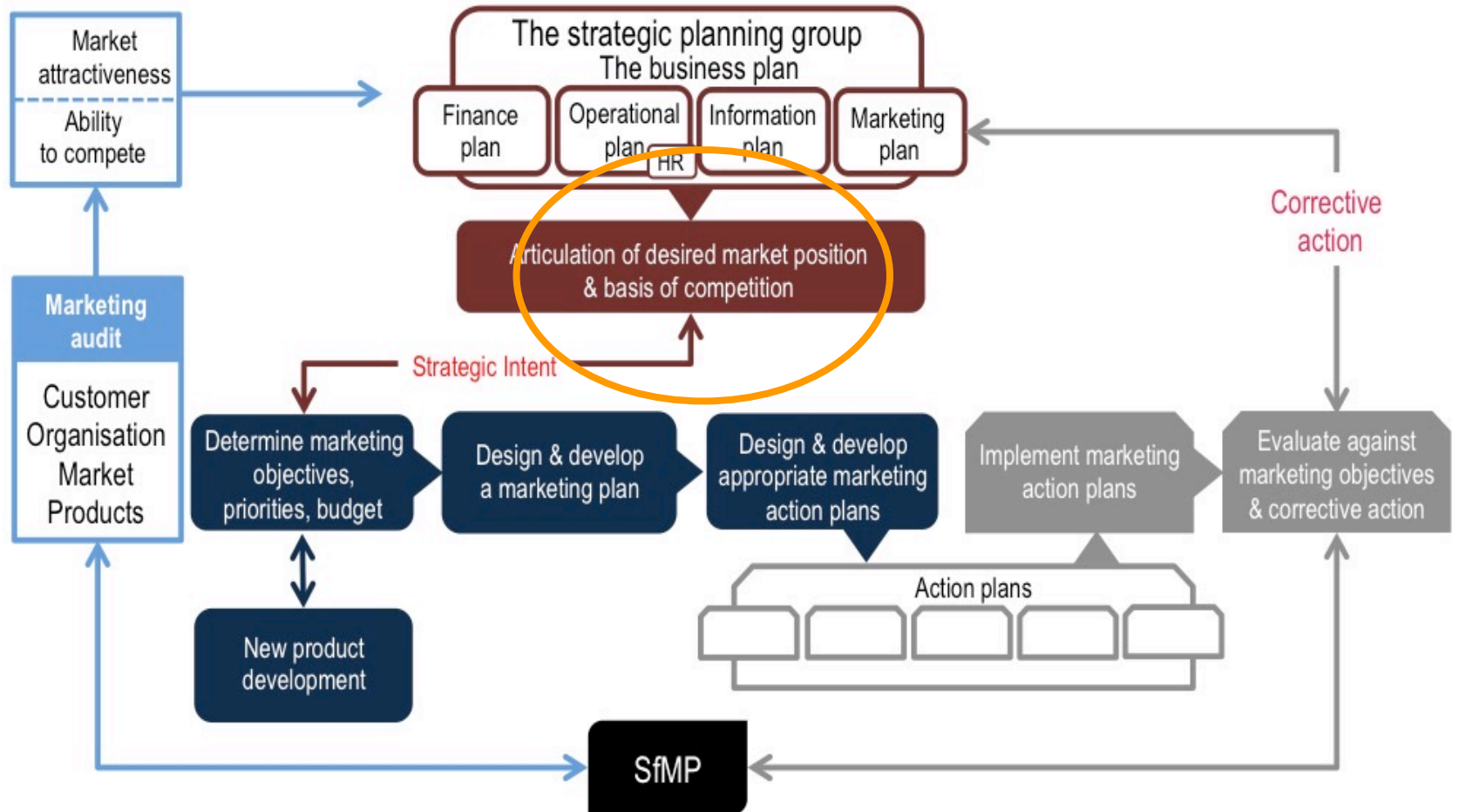
- the desired market position & basis of competition

Including:

- The unique product value proposition
- The compelling reason to purchase
- The most attractive [target] market[s]
- The anticipated market size
- The anticipated revenue and return
- The likely competitors
- Allocation of resources to achieve marketing objectives
- Product protection from copying
- Best methods of communicating with internal and external customers



The business-marketing planning process [CADDIE]



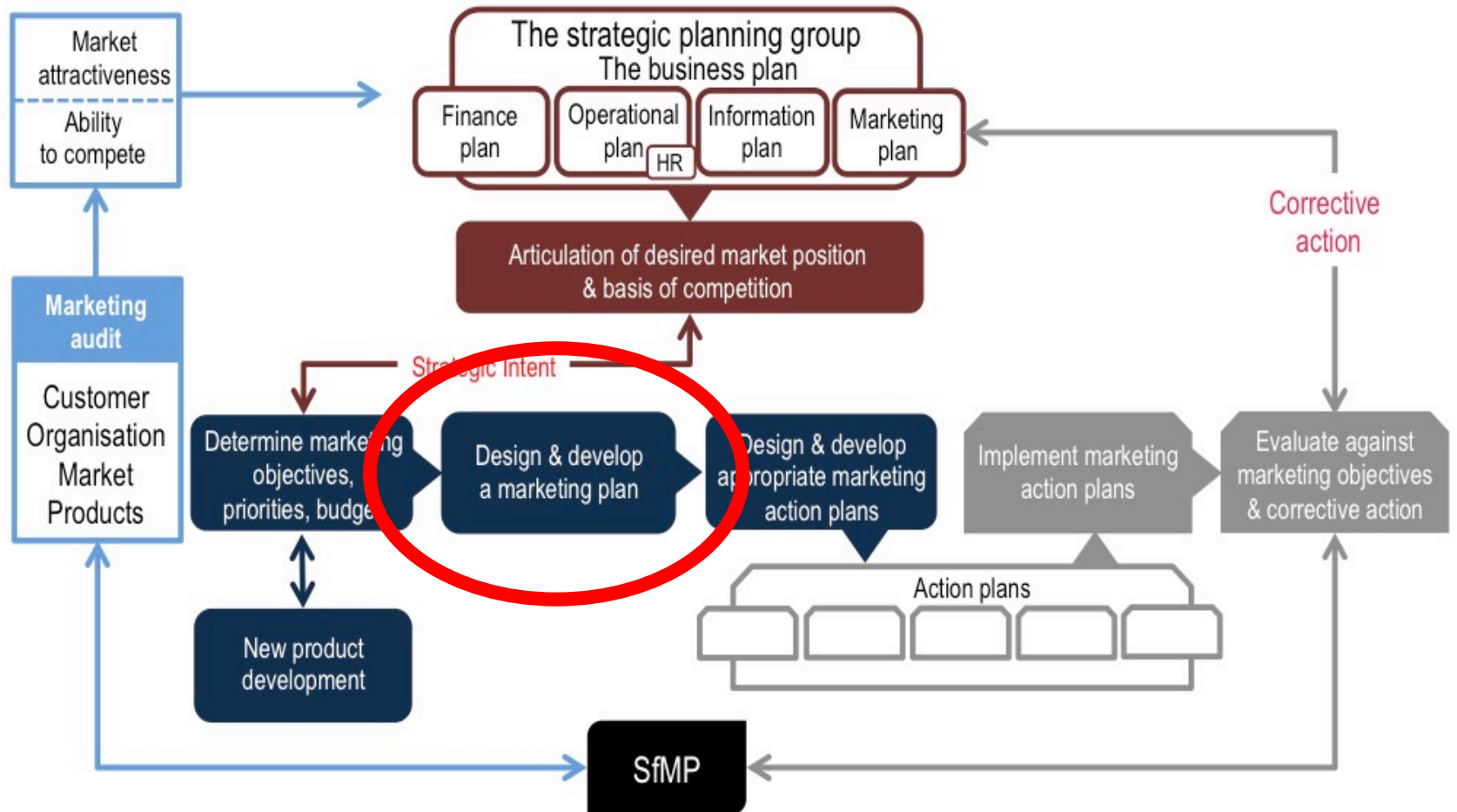
1: Collect & Analyse

2: Design & Develop

3: Implement & Evaluate

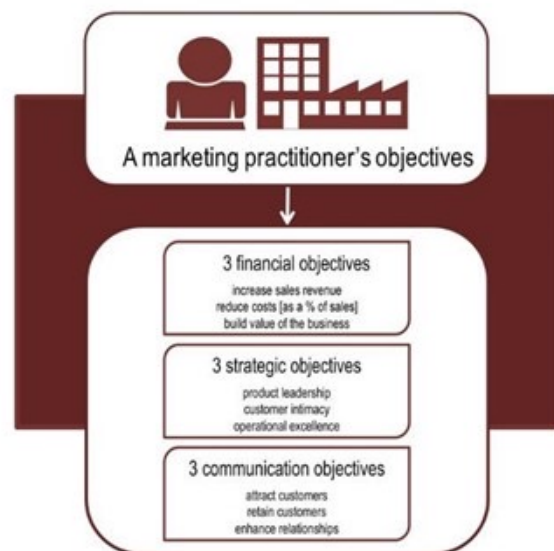
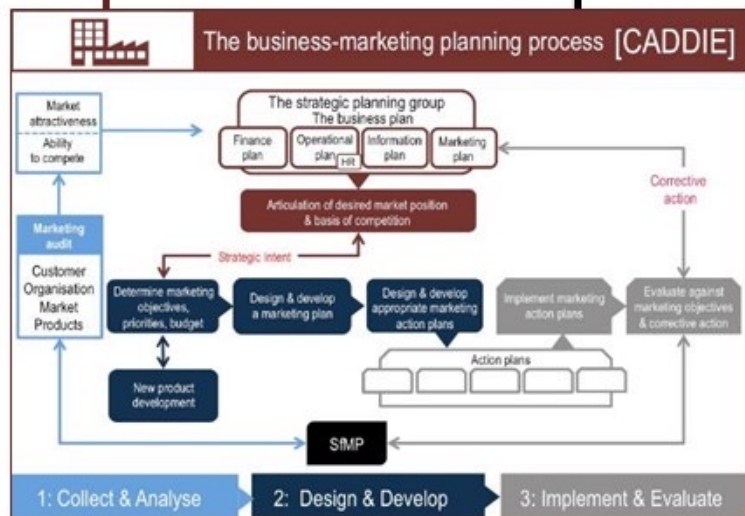


The business-marketing planning process [CADDIE]





The marketing planning process



COMP - Customer

- Customer: fundamental needs, wants, expectations
- Customer motives
- Customer benefits
- Customer involvement
- Customer segmentation
 - identification, characteristics, attractiveness, communication
- Perceptions of qualities, costs, value
- Customer pre-purchase patterns - forming expectations
- Customer satisfaction (customer experience)
 - epicure - cumulative - collective - aggregate
 - customer divides from expectations
- Customer trust
- Customer retention & enhancement
- Customer life-time value
- Customer post-purchase behaviour -
 - Loyalty services - referrals - repeat patronage

COMP - Organisation

- Organizational philosophy
- Priority structure - producer - selling - marketing philosophies
- Values - national (stakeholder) organizations
- Vision statement (performance & goals) - strategic intent
- Marketing objectives - financial - strategic - communication (performance & goals)
- Source quality - internal - external
- Organizational excellence/criteria
 - KSF: people, employee performance, relative costs
 - marketing channel effectiveness
- Revenue analysis -
 - size, market share (product - segment) growth, pricing, profitability
- Brand equity
 - relationship analysis, brand strength & stature, brand awareness
 - brand recognition, brand associations

COMP - Market

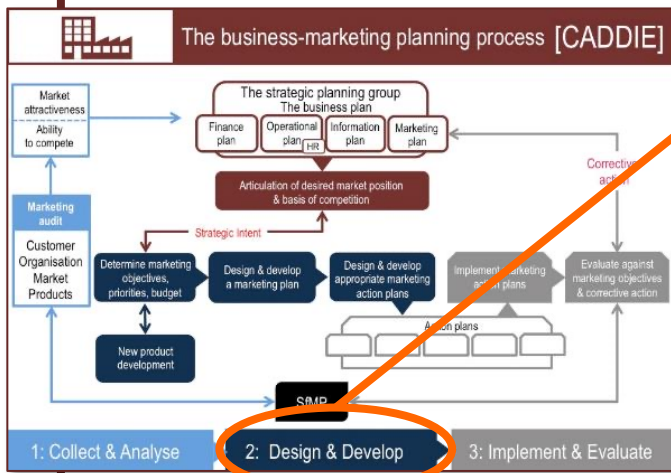
- Competitors
 - Structure: direct/indirect/2nd
 - Product/technology/price - selling
 - Product/technology/price - buying
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
- Market characteristics
 - Structure: direct/indirect/2nd
 - Product/technology/price - selling
 - Product/technology/price - buying
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
- Market factors
 - Structure: direct/indirect/2nd
 - Product/technology/price - selling
 - Product/technology/price - buying
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth
 - Market - structure - growth

COMP - Product

- Product considerations
- Product sales analysis
 - Total sales X product
 - Total sales X territory
 - Sales by geography/product/segment/year - or other suitable unit of measure
- Product adoption
- Product life cycle
- Product strategy
 - product line - mix, positioning, uniqueness, value proposition, segmentation, involvement, contact, product components, decision type, response, category, classification, awareness
 - Threat of substitute products



The marketing planning process



Design & develop marketing plan

- The strategic marketing objectives of the organisation
- The strategies and the tactics needed to achieve the marketing objectives of the organisation.



Organisations have 2 strategic options when crafting a UPVP

Adapted from Porter

1

a low price
with minimal
product augmentation

2

a higher price
with appropriate
product augmentation



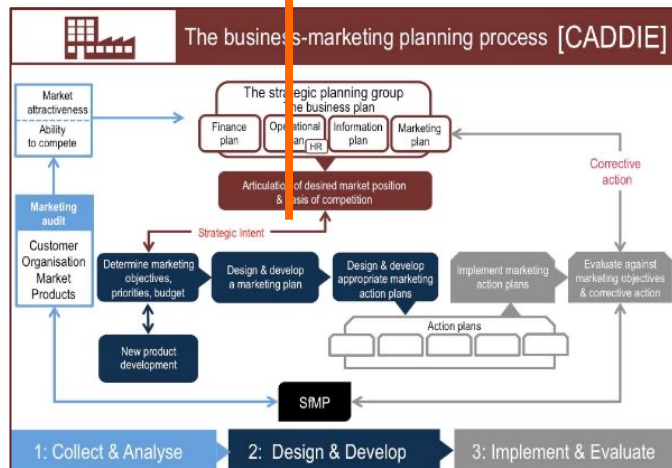


The marketing plan - structure



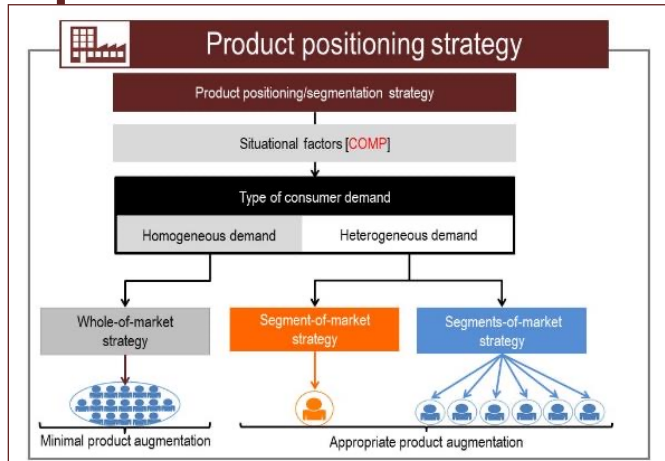
The marketing plan - structure

- The executive summary
- Present situational analysis
- The statement of strategic intent
- The organisational objectives
- The marketing objectives
 - quantitative
 - qualitative
- Forecast situational analysis
- Overview of the action plans





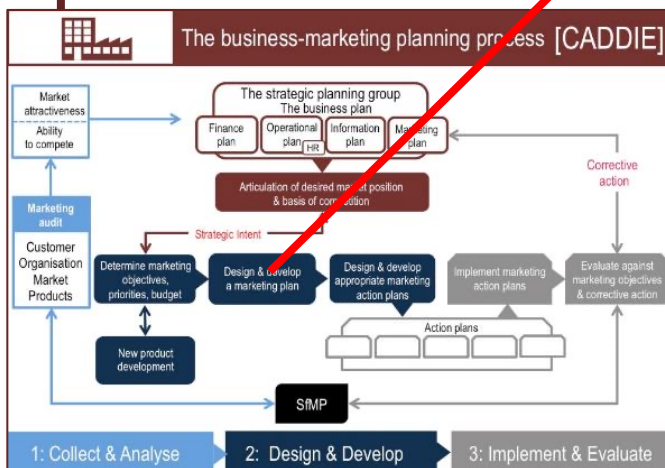
The marketing planning process



Selection of appropriate strategies

Organisations distribute the products through one of three strategies

- Whole-of-market approach
- Segments-of-the market approach
- Segment-of-market approach





The marketing planning process

Segment

- Identify basis for segmenting market
- Identify the market segments
- Analyse the needs & wants of each market segment.

Target

- Analysing the segments
- Identifying the most attractive segments
- Select most attractive segments
- Based on ability to compete in the segment

Position

- Create a marketing plan and action plan
- Create a UPVPI to suit the needs of the segment[s]
- Implement and control the action plan

Is the market segment

- Identifiable
- Substantial
- Reachable
- Responsive
- Profitable

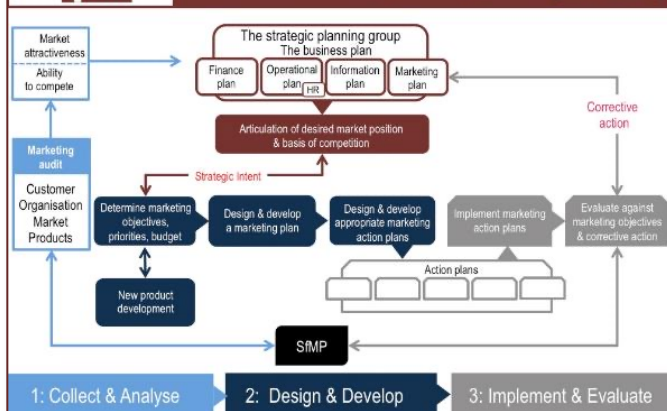


Segmentation variables

- Geographical: location, city V urban, suburb, city, country, proximity to business
- Demographic: age, gender, occupation, income, disposable income, family life cycle
- Psychographic: lifestyle and values, aspirational goals
- Behavioural: usage, loyalty, outcomes sought
- Price/benefit: perceptions of product quality and value hence products at different price intervals
- Cultural: culture influences values and in-turn consumption activities. Importance varies from product to product
- VALS: on the basis of values, attitudes, and lifestyles

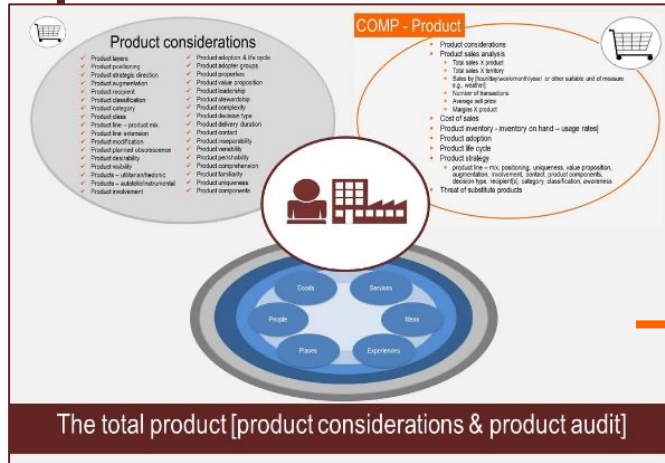


The business-marketing planning process [CADDIE]





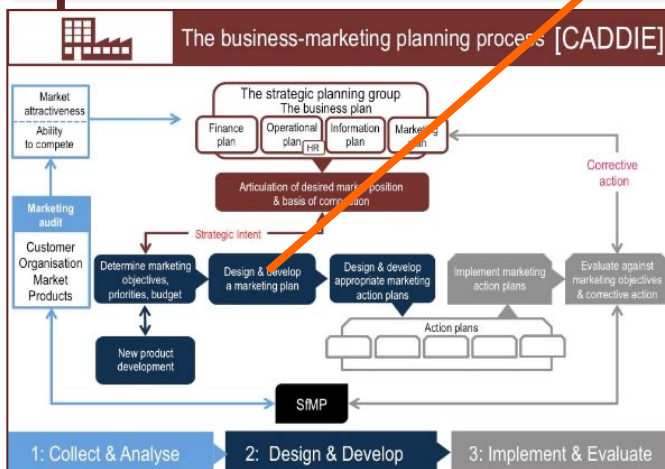
The marketing planning process



Designing & developing the total product

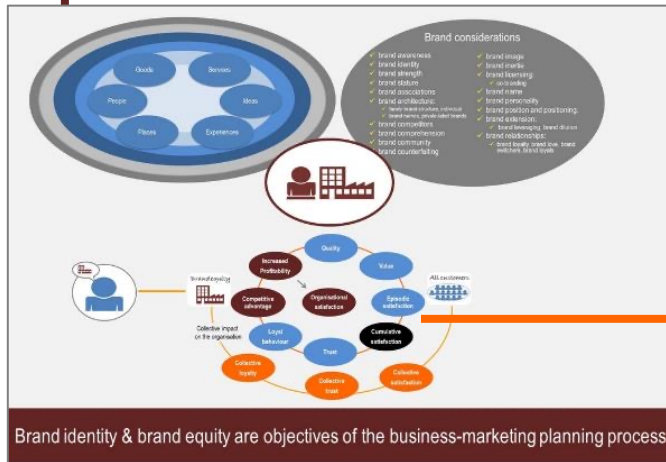
Product decisions will vary, however, a comprehensive marketing plan will detail the total product, including the mix of

- Product considerations
- Product layers
- Product components.



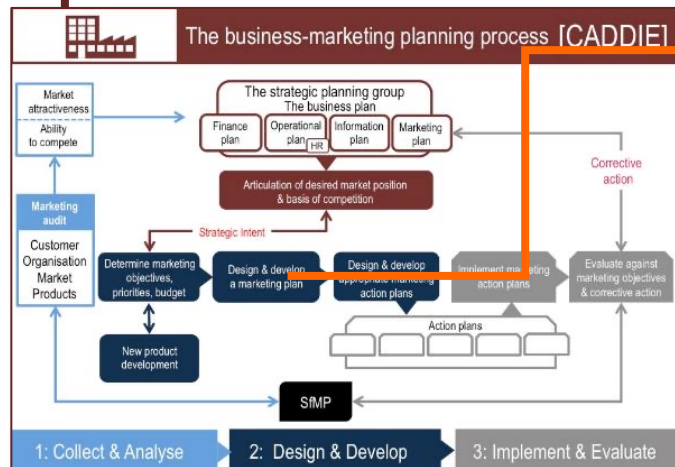


The marketing planning process



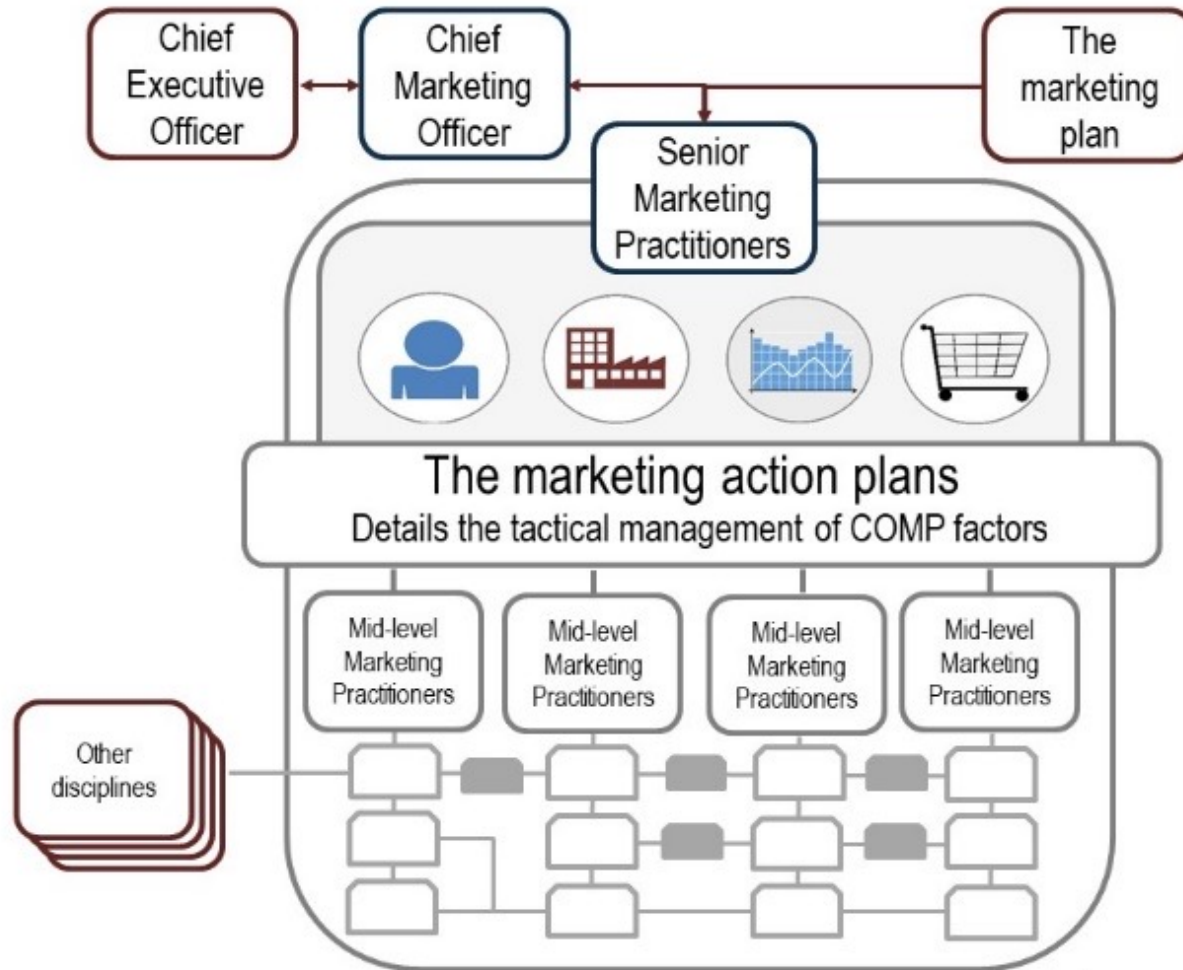
Brand considerations

- This section will outline how the product[s] is/are aligned with the overall branding objectives of the organisation.
- And include an overview of the brands and how the brands are positioned in relationship to competitor brands.
- The objective is would be defined in terms of brand equity





The Tactical Marketing Planning Group





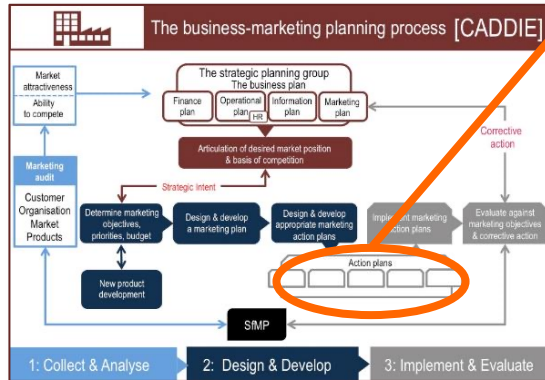
- Who does what - when - how
- A detailed action plan for each:
 - product
 - strategic business unit
 - major function
- Allocation of resources to implement each plan



The marketing action planning process

Marketing action plans may include:

- managing quality
- internal and channel marketing
- customer retention
- external marketing
- sales and salesforce management
- software for marketing practitioners



Important

Common 'everyday' action plans

Marketing action plans [managing quality]



Marketing action plans [internal & channel marketing]



Marketing action plans [customer retention]



Marketing action plans [external marketing]



Marketing action plan [software for marketing practitioners]



Marketing action plans [sales & salesforce management]

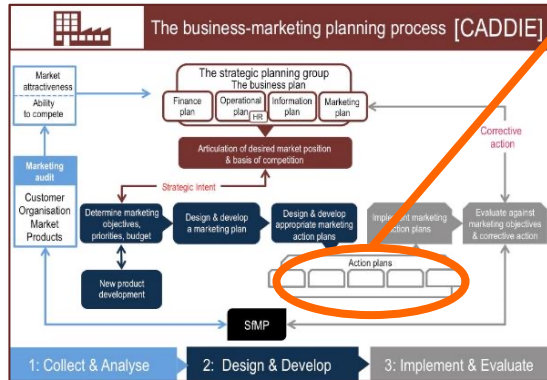




The marketing action planning process

Two types of marketing action plans

- As needed marketing action plans
 - relate to specific projects, sometimes referred to as ad hoc projects as the action plan are only undertaken when a particular situation requires attention.
- Everyday marketing action plans
 - relate to actions and outcomes that happen on an ongoing basis, sometimes referred to as 'marketing metrics' – sales, market share, communication, advertising, promotions, public relations, social media, service quality, retention, etc.

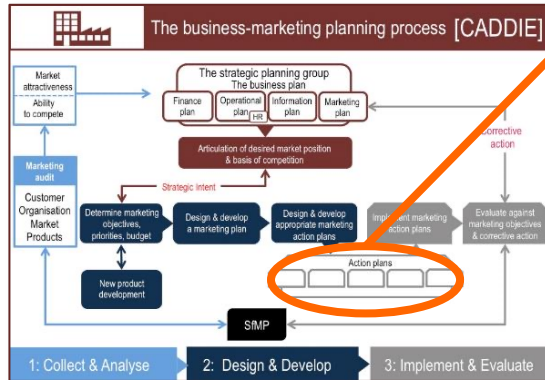




The marketing action planning process

The marketing action plans -structure

- Title: The title should identify the activity and parameters of the action plan
- Organisation philosophy: This should be included to provide guidance to employees at all levels
- Marketing objectives: In broad terms provide a statement of purpose; an overview of what the action plans hopes to accomplish. Describe the specific strategic marketing objectives that the action plan addresses
- Financial objectives: This would detail the increase in sales revenue, how it reduces costs as a percentage of sales, build the value of the business

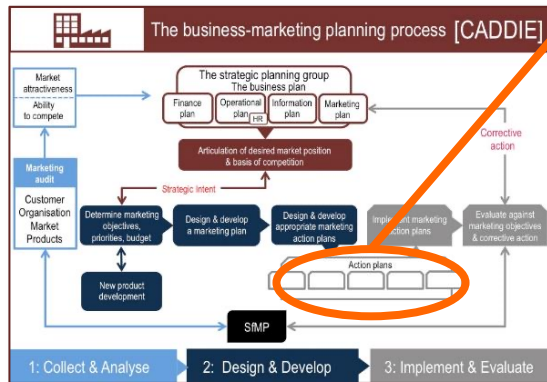




The marketing action planning process

The structure of the action plans [cont]

- Processes: the processes should be detailed and include a flow chart[s] of how the actions will be implemented and the sequence of events. The process for reporting of deviations should also be outlined.
- Roles and responsibilities: identifies who is responsible for implementing the action plan [this could be a person, an organisation, a team, and may involve channel parties] and who is ultimately accountable for reviewing performance and advising the CMO of any deviations from design.

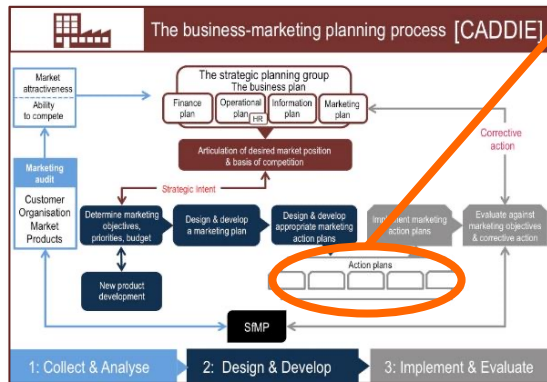




The marketing action planning process

The structure of the action plans [cont]

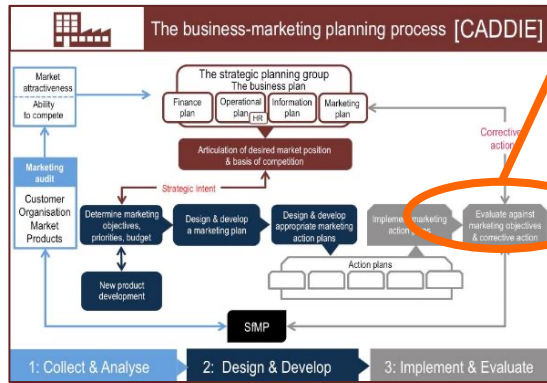
- Timeline: identifies the various milestones that need to be achieved and in what time period. It is common that a marketing action plan has a shorter life than the marketing plan or business plan therefore timeframes – who does what and by when.
- Budget: itemises how much has been budgeted for the implementation of the action plan. This should include a breakdown of costs.





The marketing action planning process

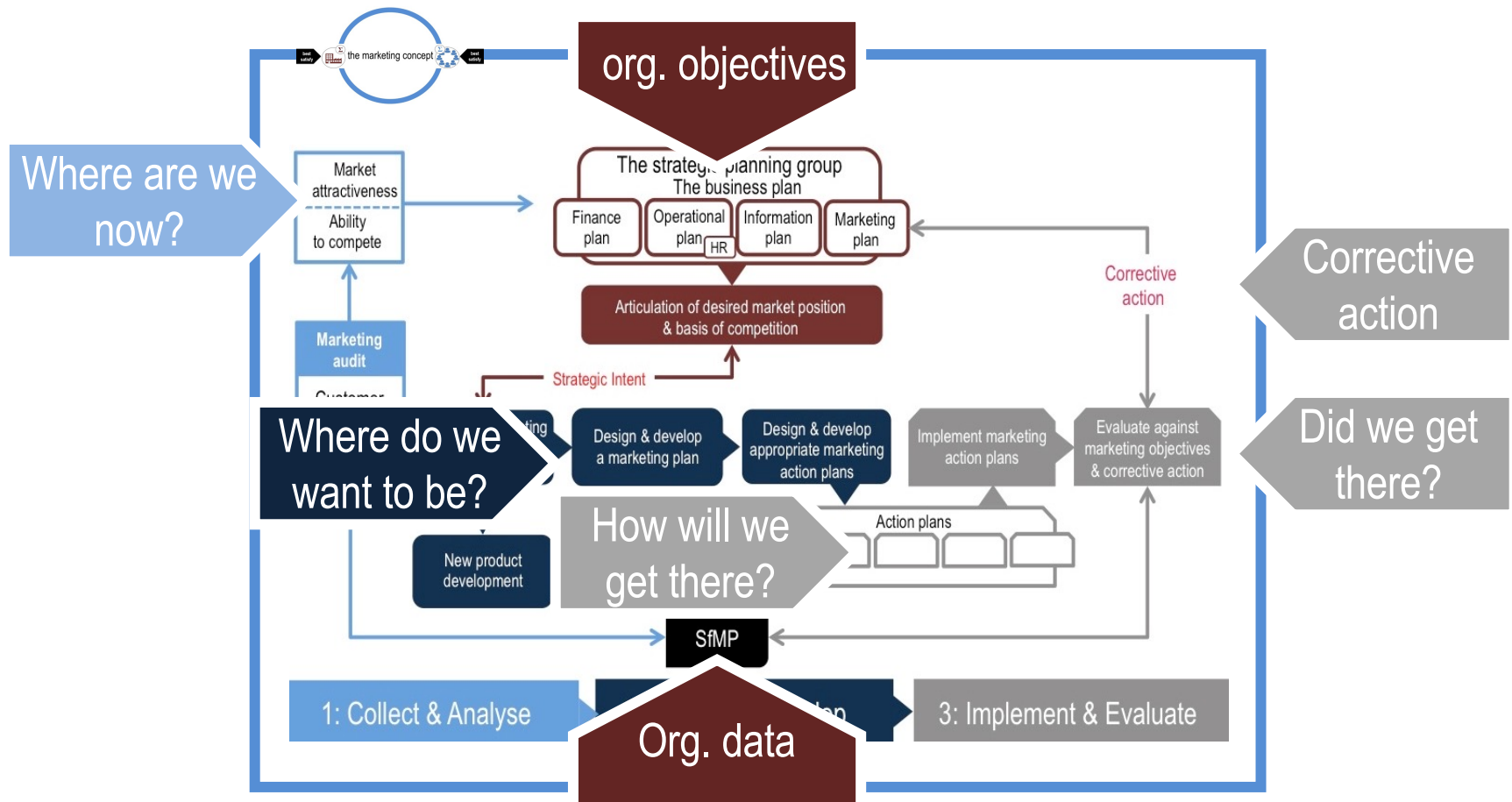
The structure of the action plans [cont]



- Collection and analysis: what information is needed post implementation. The how, when, and with what frequency of collection and analysis. Who will analyse the information and who is responsible for distribution of information. Often a weekly report will be presented to the CMO for synthesis and communicating with the strategic planning group.

Evaluation of sales performance metrics

- Volume, \$ value, month, YTD, previous year, margins
- Associated costs,
- Av. sell price, prices exceptions,
- Market share, territory, department,
- Salesperson performance, conversion rates,
- Lead times,
- Customer satisfaction by product/salesperson



EVALUATE

COLLECT

ANALYSE

1

Organisation's
philosophy

Marketing Audit
[COMP]

Corrective
actions

Articulate position

Organisation's
objectives
priorities &
budget

Business
plan

Marketing
plan

Marketing
action plans

IMPLEMENT

DEVELOP

DESIGN

Analyse
data

Evaluate
performance

Implement
action plans

