

## **Marketing Planning 2 – The Marketing Audit** **Where are we now?**

We saw in the previous section how to start off the process of marketing planning. We will first start with the marketing audit.

In reality a marketing audit is really a detailed assessment of:

- Who we are
- What we offer - the number and extent of service ranges
- Our current client base
- The main feature of services
- What we offer as benefits
- The competitive advantages we provide above our competitors
- Market segments / key sectors we work in
- Geographical coverage
- The diversity of business
- The degree of vertical integration

All these issues help determine structure and culture and in short, the full picture of where we are **now!**

If we are able to understand where we are at the current time, and can articulate where we could be at some future time – it is this that gives us our true direction.

### **The marketing audit**

If the marketing audit is simply the collection of data to be converted into useful information for further distillation in the final marketing plan, there is as much need to formalize or systemize this process, as there is for the marketing plan itself.

An outline framework of the type of areas a firm should be examining and the questions it should be asking, is contained below:

#### **1. Factors to be examined in the external business environment:**

a.) The wider business environment can be summarized through a STEEP analysis where STEEP stands for Socio-cultural, Technological, Economic, Environmental, Political (also including legal and fiscal / taxation matters).

b.) The narrower business environment is the market the business unit is competing in. Factors to be examined here are: its total size by value and volume; whether it is growing, declining or not moving; the different customer/ client groups that go to make up the market e.g. segments and niches; the range of services/ products purchased by these customers/ clients in this market-place e.g. direct and indirect competitors; prices of services offered; the range of channels open and finally any industry / trade bodies and regulation that may be relevant.

c.) Industry or market competitors. Examination of competitors can itself demand a framework of analysis. The best known in this regard is Michael Porter's five forces model, which is discussed in depth in many marketing and business management books. The constituent parts of the analysis at this stage include who the competitors are; whether they are direct or indirect competitors; their relative size by value and volume / market share; distribution channels used; brand image and values as seen by customers; profitability; structure and key (marketing) strategies; main strengths and weaknesses.

## **2. Factors to be examined in the internal business environment:**

This is a critical assessment of one's own firm or business unit's abilities and should include: Sales - by service/product category / range, client segments, region / country (where applicable); market shares by value, volume and percentage in each service/ product market; marketing strategies - channel strategies, promotional, pricing and service/ product strategies (as applicable); marketing management / department; marketing information system and research plan(s).

It is easy to see that to conduct a thorough marketing audit is in itself a demanding task. The process above is described in list form only. The level of detail entered into on each point will depend on the auditor and the size of the business or importance of that particular market to the firm.

What is more important is how the information gathered is brought together in some kind of meaningful framework which can then be applied to the marketing plan. Two frameworks were mentioned in the audit methodology described, STEEP analyses and the Porter five competitive forces any industry will face. These types of frameworks are extremely useful in processing information and putting it into some form of perspective. McDonald, in his book *Marketing Plans*, recommends drawing the entire constituent parts and multitude of information together through a Strengths, Weaknesses, Opportunities and Threats analysis or framework (SWOT).

This is particularly convenient because the McDonald approach, as that described above, fits perfectly together with a SWOT, as it differentiates between external and internal factors. Thus key points from the internal business environment analysis can be recorded under strengths and weaknesses while external environment factors go under opportunities and threats.

One further point on SWOT analyses should be stressed. Many companies use SWOTs for a variety of purposes. In this instance it is easy to record every single factor generated on the SWOT. This will make the whole framework unwieldy and defeat the object of its purpose. In contrast far more will be achieved by limiting the SWOT to key factors which have a direct bearing on competitive success in the following period. The objective should be to restrict each SWOT title to one side of text with each point thereunder summarized in bullet point form.

It is only when we have this full understanding of our scope of activities, that we can match activities to the environment and match our activities to our possible capabilities. Yes, any future strategy is likely to require a modification of resources but it still must be a reflection of our attitudes and beliefs and these can only be distilled from a full audit. We shall look into how we go about setting our long term direction in the next issue by constructing a three-year plan.