



Marketing Planning 4 – Constructing The Way Ahead

This should not be confused with the overall marketing objectives and strategies within the marketing plan, which have still to be set (these are considered under *Step 8* below).

Some work has already been done on examining competitors' position in the seminar material described above where critical success factors are weighted and the business unit's own performance is compared with competitors'. At this point the marketing audit can be further drawn upon to examine competitors' position more closely.

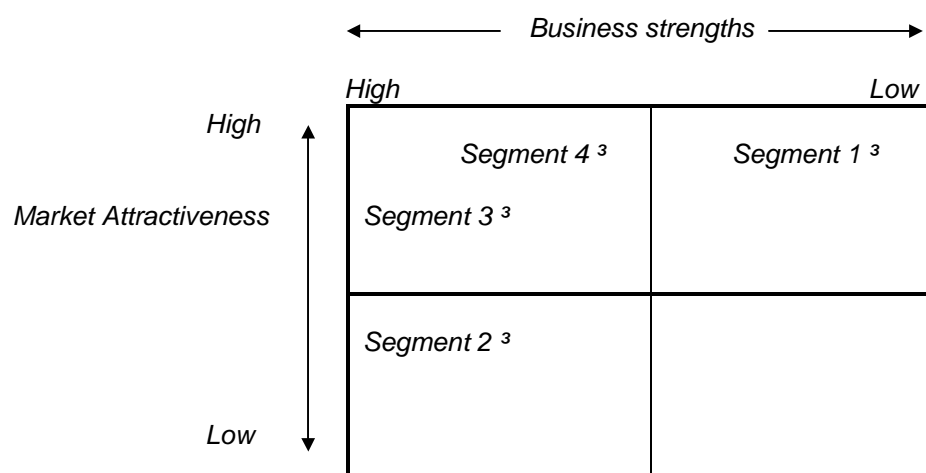
Each direct competitor should be examined separately to consider what their current position in the market is, what strategies they appear to be following to pursue what objectives and strategies they are likely to pursue in over the next three years. Once again the level of detail required will depend on the nature of the market and the degree of direct competition, as well as the amount of knowledge possessed about competitors, in terms of their intended broad marketing as well as product / market segment strategies.

Step 6 - Portfolio summary

The work conducted above to produce concise but meaningful SWOT analyses can be summarized by means of a Portfolio matrix, sometimes also labelled the Shell Directional Policy matrix.

Market segments should have already been defined and ordered in terms of preference for doing business with. Segments at the top of the list are those that will be focused on being likely to deliver the best results e.g. the most attractive market segments.

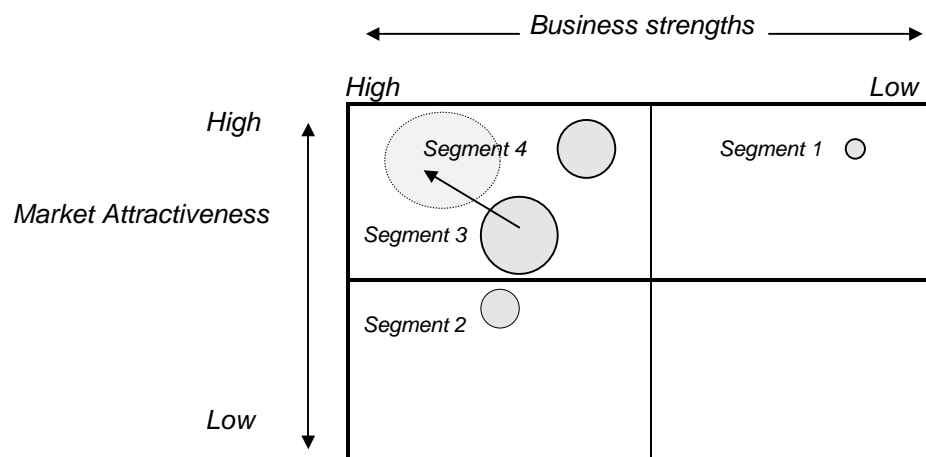
Having established the attractiveness of each segment, the business unit must now assess its own strengths in serving that segment vis à vis the competition. The pertinent questions in this regard should already have been answered e.g. current market share; ability to grow; proximity to customers etc. From this situation the manager should be able to plot the business unit's position on the portfolio matrix.



Equipped with this analysis an assessment can be made as to which market segments the business unit is best equipped to serve and which will render the most beneficial results. In the example above segment 1 may be very attractive but the business is least equipped to serve it, given its low strength rating. Segments 2, 3 and 4 can all be met with a high degree of strength but segment 2 has a low attractiveness rating. This leaves segments 3 and 4 as being the most likely for future focus.

McDonald takes this matrix system further replacing static positions marked above as 3, with circles where the diameter of the circle represents the proportion of total turnover that that particular market segment accounts for.

This can be taken yet a step still further by plotting where these segments should be on the same matrix in a year or three's time. This is represented in the diagram below with the dotted circle showing both a movement on the matrix and a growth in size of segment 3. This signifies both a shift in the attractiveness and the ability of the business to serve segment 3 in addition to forecast increase in sales.



Step 7 - Assumptions (Ceteris paribus)

Ceteris paribus is Latin for *other things remaining equal*. Unfortunately in dynamic, ever-changing market places this rule very rarely holds true, since very little remains equal. Given that so many things can change, it is logical to list any key points or assumptions on which the marketing plan is based. If these key criteria are not fulfilled then the marketing plan will not be able to deliver.

This should not be used as a caveat or loophole for the marketer to absolve him/herself of responsibility, rather a genuine reflection of external factors that may be beyond the control of the marketer e.g. economic growth / decline, rising interest rates, the organization's access to capital investment or a competitor's withdrawal from a market-place.

More detailed lists of assumptions may be made for individual product / markets; however the overall marketing plan should only include those key criteria that will directly affect its successful implementation.

Step 8 - Setting objectives and strategies

Having completed step 5 (SWOT analysis) and step 6 (Portfolio summary) as well as any outstanding assumptions, the marketing plan is now in a position to tackle objectives and strategies.

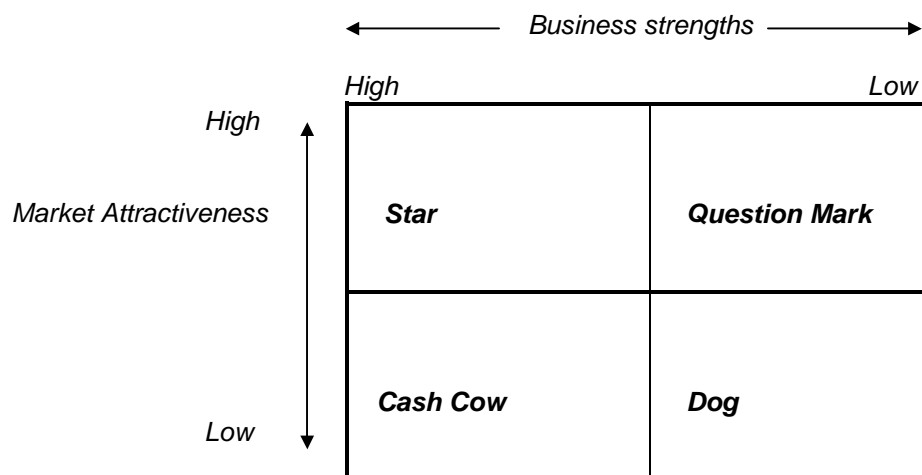
The distinction between objectives and strategies has already been made under Product / service decisions, where an objective is the end goal and the strategy is the means to achieving the goal. It should be noted that many marketers mix the two up so as to make them indistinct (*“our strategy is to beat competitor X”*).

A further important point is made by McDonald,

“Marketing objectives ...should be about products and markets only, since it is only by selling something to someone that the SBU’s [Strategic Business Unit’s] financial goals can be achieved. Advertising, pricing and other elements of the marketing mix are other means (the strategies) by which the SBU can succeed in doing this. Thus pricing objectives, sales promotion objectives, advertising objectives and so on should not be confused with marketing objectives.”

On this basis McDonald cites the interaction of products to market segments e.g. selling existing products to existing or new segments as marketing objectives with a corresponding marketing strategy of *“improve product functional performance and perceived value in conjunction with new communications campaign”*. This would require both new production and communications sub-strategies that will complement the marketing strategy.

In finalizing marketing objectives and strategies McDonald recommends referring back to the portfolio analysis and using the labels developed originally by the Boston Consulting Group in order to simplify the position of different market segments or product / markets. The idea here is that each quadrant of the matrix has its own label describing their combination of attractiveness and strength. These are self-explanatory when shown in their respective quadrants:



In its most simple terms any business unit needs to have some kind of balance in the product / markets it serves. Cash cows deliver positive cash flow but will not last forever. Dogs are a drain on cash flow and unless they can be developed into question marks or stars then there they should be divested. Question marks, also known as problem children or wildcats have the potential to become either dogs or stars. Stars are obviously very desirable but are difficult to cultivate etc.

This BCG approach to portfolio management should be viewed as a facilitator and not a scientific end in itself. It simply aids the decision-making process providing a useful framework in which to plan an approach to the market that takes account of both the market's needs and the firm or business unit's skills and core competences.

Step 9 - Financial projections

At this point, the *marketer* should be able to provide three-year projections for the key financial markers, as described earlier - sales by value, gross profit, contribution etc.

What to do next?

We help our construction industry clients win new business by working with them to develop effective internal marketing systems to create and sustain a business-winning culture. Ideally this starts at the beginning with a MarketingWorks Management Perspective Survey. <http://www.marketingworks.co.uk/business-analysis/6.html> Fundamental to buy-in, this is also the ideal mechanism for capturing the experience, ideas and concerns of a management team into one picture of the business. Then to fast track your strategic planning process MarketingWorks offer a one-day Strategic Planning Review using a set of tried-and-tested tools to guide you through the process. <http://www.marketingworks.co.uk/marketing-planning/3.html> Alternatively we also run fixed-price assignments with some clients: <http://www.marketingworks.co.uk/marketing-planning/6.html>

Recommended reading

Any delegate interested in reading more on marketing audits and planning are strongly recommended to refer to Marketing Plans, Malcolm H.B. McDonald, Heinemann Professional Publishing, 1990, on which this seminar was broadly based.

Bibliography

McDonald, Malcolm H.B., (1990) "Marketing Plans," Heinemann Professional Publishing,