Marketing Strategy and the Marketing Plan

Marketing strategy should have two purposes: (1) to provide broad guidance to the development of business strategy, and (2) to guide and direct marketing activities. We define marketing strategy as customer-focused objectives that guide and support the business strategy and decisions and actions with respect to target customers, price, product, promotion, and distribution necessary to accomplish the objectives. More comprehensively, marketing strategy should answer the following questions:

- What are our objectives? That is, what are we trying to accomplish?
- What customers should we target?
- What is our product, from the customer’s perspective, what role does it play, and how should it be positioned?
- What price should we charge?
- How should we communicate about our product to targeted customers?
- How should we distribute our product?
- What information do we need about the external environment and reaction to our marketing efforts?
- What options did we consider in formulating our marketing strategy?
- What are the critical actions necessary for accomplishment of our strategy?
- What are the critical assumptions on which our strategy is predicated?
- How will we coordinate with the rest of the organization?

The answers to these questions should be found in the marketing plan. Good marketing plans are simply written statements of the marketing strategy for a given time period. The format of marketing plans can vary enormously. Some plans are comprehensive and include all the firm’s products and served markets. Other plans are more sharply focused either on a limited set of products or on a specific market. In both cases, the plan usually includes the situation analysis on which it is based.

Elements common to most marketing plans are shown in Table 2.3. All plans should convey the objectives to be accomplished and the way in which they are to be accomplished. Credibility of the plan is enhanced by including a discussion of the various options considered before choosing the option selected and by stipulating key assumptions and critical actions.

The Marketing Planning Process

We define marketing planning as a flexible process whose purpose is to develop or modify marketing strategies and that interacts with, or is integrated into, the processes by which business strategies and other functional strategies are developed.
TABLE 2.3  
Contents of a Comprehensive Marketing Plan

Objectives
The volume to be sold (in dollar amounts and/or in units) and market share.
Profit contribution (in dollar amounts or in margins).
Nonfinancial objectives (e.g., image, key relations, new accounts, etc.).

Target Customers
Who they are.
Where they are.
What their characteristics are.
What segments are served (if any).

Product
A description of the basic product plus service, packaging, warranties, etc.
Position. What the product is expected to do for the customer. How it relates to competitive products.
Role. What the product is expected to do for the firm, beyond simply contributing to profit (e.g., cash cow, lead into new markets, defend against a competitive attack).
The branding strategy.

Distribution
Direct or through distribution.
Use and role of agents.
If through distribution, then:
Types of wholesalers.
Channel length or number of levels.
Exclusive or selective.
Role for each type and level of wholesaler.
Key functions or activities.
Margins and other motivating mechanisms.

Promotion
The nature of the promotional effort, with particular attention to the role of the sales force.
The targets of the promotional effort.
The promotional mix: relationship between personal selling, advertising, sales promotion, and publicity.
The role of distribution (if used) in the promotional effort.
The promotional budget.

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External and internal situation analysis is essential to the marketing planning process. The customer is key, but competitors, the industry and its structure, the nature of distribution channels, and environmental trends all shape the context within which marketing strategy is developed. The concept of strategy as a match between the external environment and the firm’s capabilities emphasizes the need for internal analysis. Table 2.4 identifies specific areas for analysis, which are discussed in subsequent chapters. The key to situation analysis is to continually ask what the implications are for the marketing program. For example, if the buying decision is made by a group, how can promotion reach all the buying influences? If customers vary extensively in their purchasing practices, will it be necessary to develop more than one marketing program?

The analysis should lead to the development of key problems and opportunities facing the firm that relate to the specific issues or decision questions faced by management. These need to be considered in the context of the skills of the firm. The emergence of a corporate personal computer market was a greater opportunity for IBM, with its direct corporate contacts, than for Apple, with its strong commitment to sell through distributors. Such analysis enables assessment of the overall situation—is it very favorable, somewhat favorable, neutral, somewhat unfavorable, or very unfavorable?—and should help identify key issues the marketing program needs to address.
TABLE 2.4
Situation Analysis for Marketing Planning

Areas for Investigation

External Analysis

The Customer
It is important to develop an explicit view of the motivations of the customer(s), the nature of the purchase decision process for the goods or services under investigation, and the degree to which these vary between customers or groups of customers. Often it will also be important to extend analysis to the customer’s customers.

The Market
Here we are concerned with the overall size of the market, both current and future, and with the size of segments that vary in motivations, the nature of the buying processes, or other dimensions that would either rule out some customers or require modifications in marketing strategy.

The Industry
Marketing strategy must take into account the salient characteristics of the industry in which the firm will compete. It must, for instance, take into account the extent of competition, the positions of competitors, their current strategies or possible initiatives, and possible reaction(s) to the firm’s strategic or tactical moves. It must also consider how the industry fits in the business system, where value is added, and trends in the industry.

Distribution Structure
Few aspects of the external situation are more critical to the success of a marketing plan than good distribution. Analysis needs to take into account the structure of distribution channels, the likelihood of availability of distributors to the firm, the nature of relations with distributors, and so on.

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Design of the planning process involves consideration of a number of questions.

- Who is responsible for the plan?
- Who should review or approve the plan?
- How should marketing planning relate to the strategic planning process?

In most industrial firms, marketing planning is a team effort. Primary responsibility for the marketing plan usually falls on one person, the marketing manager, the vice president of marketing, or a product manager. One person can develop the plan, with inputs from others, or it can be developed by a task force or standing planning committee.