CIM | Marketing Expert

Practical Guide

# Building a Marketing Plan

# Introduction

This planning tool has been written with the aim of providing marketing support, whatever your background or level of expertise. It will also provide you with a brief overview of marketing, answering some of the most commonly asked questions.

# What is marketing?

The Chartered Institute of Marketing defines marketing as follows:

"The management process responsible for identifying, anticipating and satisfying customer requirements profitably."

This process calls for management decisions on product, pricing, distribution, promotion and personal selling, and in some instances customer service. These elements are known as the 'marketing mix'.

# How can marketing help my business?

Without customers, you don't have a business. Satisfying customers' needs whilst making a profit should be the central drive of any business – you have to produce what the customer wants. Matching the wants of your customers to your company's Products or Services should achieve the objectives of both parties.

When people buy products or services they do not simply want the products, they also want the benefits from using them. Products and services help to solve a customer's problems – it is the solution to these problems that customers are buying.

If your company understands customers it can develop products that appeal to them. An understanding of marketing techniques allows you to serve your target audience better than your competitors do. You can use promotional techniques to differentiate your product from competition and in doing so provide competitive advantage.

# Building a Marketing Plan

It is unlikely that you will be starting your marketing plan from a blank sheet of paper. Your first task is to pull together the various inputs you need, including last year's plan and performance metrics from this. You may also have agreed objectives and strategy from the business plan, and also your own market analysis the marketing audit that provides the evidence on which to build your plan.

So, bringing all of this information together you can start to form your plan. The first stage is to identify key issues from your audit – you may want to categorise the strengths and weaknesses from your audit in a table such as the one that follows:

| Importance to customers | | Strengths | Weaknesses |
|---|---|---|---|
| | High | | |
| | Medium | | |
| | Low | | |

You should then use the opportunities and threats you identified in the marketing audit. You are seeking to establish the trends that are likely to drive the value of this market going forward. Is the addressable market sustainable or a temporary phenomenon? If it is growing what is the rate of that growth and is it growing in volume or value terms?

Note: At this stage in the planning cycle resources have not been spent so if you identify an emerging threat or a trend that makes this strategy unsustainable it may be appropriate to reallocate budget to a different strategy.

- Is this likely to be a more or less important market for you in this market in the future?
- Where is this market in terms of its generic lifecycle (are there still new customers to target or does winning share mean taking them from a competitor?).
- What are the key developments and forecasts for this market and the external drivers in this market? For example increasing demand, growth in delivery via new mobile technology, the impact of new legislation or a change in government.
- Identify and highlight major new competitors, or substitute products or a fundamental change in the power or behaviour of buyers.
- Are there significant differences in needs or buying behaviours within the market (for example rural and urban populations) i.e. are there distinct segments that would need addressing differently and if so how are they changing?

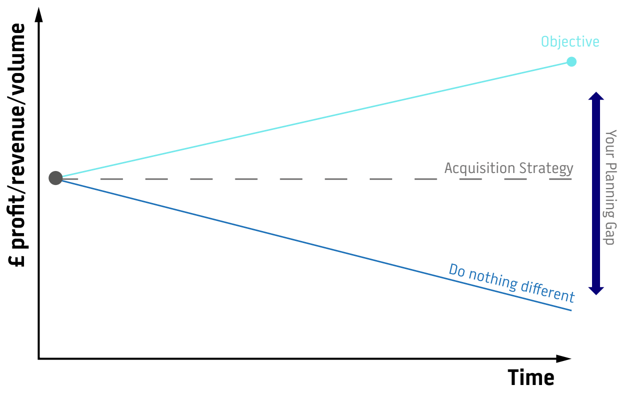
Remember trends are about future forecasts – this work will draw upon your PESTEL analysis but it will be based on forecasts so it can help to indicate certainty or risk your forecasts are wrong. You want to be as specific as possible but do not be too narrow – sometimes the impact of changes is not immediately obvious.

Highlight the most significant drivers of change and reference your fuller analysis in an appendix. Get into the habit of adding a 'so what' statement at the end, highlighting the implications for a reader less familiar with the market or product.

Summarise with your assessment of what is critical to success – if we want to win more business from these customers we will need to ... success.

# Objectives and the Planning Gap

A planning gap may help you with both your objectives and also your strategies.




You need to generate your planning gap by identifying how much business is certain, and how much new business you need to generate to meet your target.  You should also have calculated your acquisition objectives in terms of the volume of activity needed to deliver the objective you are working towards. So if you have an existing group of customers, project the volume of this retained work and this will give you a retention target. The difference between this number and the target is your planning gap – the amount of new business you need to attract to deliver the business goal.

Use current margins, values, conversion rates etc. to inform your assumptions.

---

**Business objective**
£1 million in contribution

Assuming a 25 percent margin

**Marketing objective**
£4 million of sales revenue

Assuming average customer value is £500,000

**Sales objective**
To win eight contracts

Assuming sales conversion ratio 1:3

**Comms objective**
To generate 24 invitations to pitch

From this we can calculate the amount of awareness needed and so the size of segments.

Your detailed objectives can come down to awareness levels, so if we know one in ten visits to our website generates an invitation to pitch you know we must drive 240 prospects to the site. This gives you aligned objectives and the basis for establishing objective and task based communication budgets.

**Note:** Your assumptions need to go straight to the list of measures you are monitoring in your controls. If they change you may need to revisit the plan.

**Tip :** Sometimes the metrics are just not available so to get from one level of the cascade to another you have to make an assumption. Make this your best 'guesstimate' but once the plan is implemented, monitor actuals and modify the plan accordingly.

The cascade is also useful if considering a best and worst case scenario – for example if average customer values fall or rise.

# Strategy

There are several options for growth when we look at a combination of strategies.

**Market penetration**
Which segments of our current customer base are we targeting to grow volume and average values?

**Segment or market development**
Which new segments or markets are we targeting for growth?

**New product development**
What new products or services are we developing (include cross-selling or bundling of other products or services into this offer here).

**Diversification**
Are there any opportunities to offer new products to new markets or segments?

## Segmentation

The key to effective and relevant differentiation lies in the segmentation of the market. Effective segments need to be 'needs' based – in other words clusters of customers who share a particular need or buying behaviour that can be addressed by you.

The product manager should have identified which global segments this product offer is most relevant to. These may be highly relevant in your market or need modification. They are, however, your starting point for developing a rounded strategy.

This means you clarifying which segments of the market in your country need to be targeted and how to position the offer? Note the focus is on parts of the overall market – not on all parts of the market – some segments will not be targeted.

Strategies (segments) need to satisfy two considerations if they are to be successful:

- We need to be able to deliver a relevant and differentiated offer to the market segment (so more value or a lower price than key local competitors).
- The opportunity this segment represents must be 'worthwhile' from the company's perspective, this may be in terms of contribution, revenue, and competitive advantage

The targeting of segments needs to take into account constraints that exist within your company.  It is important to target those with the most potential within those constraints.

Use a decision tool like the multi-factor matrix to help you make decisions about the attractiveness of each segment to both the business, and in terms of your potential to gain competitive advantage with it.

| | | |
|---|---|---|
| Market segmentation | 1 | Identify and select the bases by which the market may be segmented |
| | 2 | Develop segment profiles |
| Market targeting | 3 | Evaluate the attractiveness of each segment |
| | 4 | Select the segments to be targeted |
| Market positioning | 5 | Identify the best possible positioning for each selected target |
| | 6 | Select the segments to be targeted |

There are three targeting options once you have identified the segments:

- Ignore the differences between segments and offer a one size fits all undifferentiated offer (acceptable in a market where the customers have little choice).
- Focus on a single niche segment with a tailored mix.
- Target several segments with a mix/offer modified to address the unique needs of each – a differentiated strategy.

Positioning is the blueprint against which all other tactical decisions are based. So which segments to target and how to position ourselves to win business from them (marketing strategy) drives the tactical market and communication mix decisions. It is not just the decision about how to position our offer to each targeted segment that is critical but also the communication of that positioning to others internally.

Positioning maps are often used to help managers think through their positioning options and decisions. The axes are based on the key buying criteria in the market.

The example below illustrates some of the positioning map options if we were considering launching a magazine.

There are no right and wrongs with positioning – they simply record the decisions you have made – so, for example, you may choose an entertaining subscription offer with a modern image and high production values.

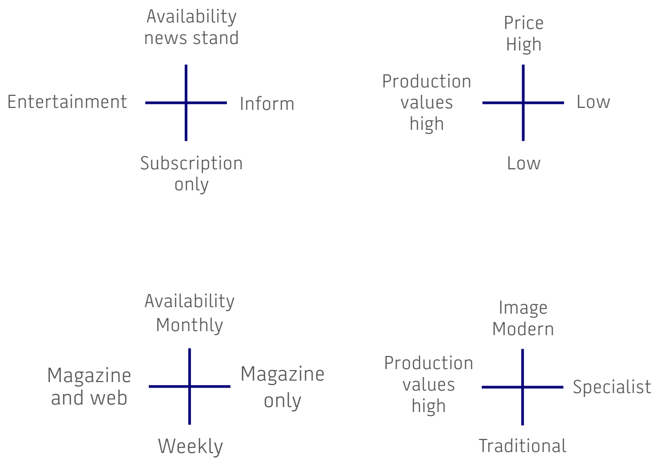
The positioning maps and statements are key to ensuring that all marketing tactics are aligned and that marketing communications messages are consistent.

**Undifferentiated Strategy**


**Differentiated Strategy**


**Focus Strategy**


**Positioning Options**



# Tactics and Action

Once you have strategy in place and have agreed on the segments to be targeted, you will develop your tactical plan. So this section of the plan will include all 7P's for each range of products or **product** area. Each marketing mix then, has its own product description, describing the life cycle stage and characteristics of each product compared to the competition.

The **price**, in a commercial environment, will look to bring in the best profit margin or the best growth in market share, depending on overall corporate objectives.

**Place**, or distribution and logistics, considers the channels that an organisation uses to get its products or services to its customers.

**Promotion**, or communication, looks at the best use of advertising, public relations, sales promotion, personal selling and direct marketing (including digital). It considers what messages need communicating to different target audiences and the combination of tools and media that should be used.

'**People**' refers to employees, particularly those who are customer facing, and looks at their skills, competence and appearance as part of the overall image that is portrayed.

**Process** includes all processes involved in creating value for customers.

**Physical evidence** is about the ambience; the environment in which the product or service is delivered.

A time framed action plan with key milestones and responsibilities is important for implementation and adds the practical dimension to the marketing plan. Don't forget that you may need a separate plan for each segment.

The marketing plan itself can be a valuable document for sharing with certain departments and individuals the necessity for the marketing activities and the objectives you are trying to achieve.

## Segment 1

| Timeline | What needs doing | By who | Who needs to be involved | Any dependencies |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

# Tactics and Action

How are you going to monitor progress and make adjustments?  Add regular reviews of activity to your action plans so that you can make adjustments at an early stage if needed.

For each segment, go back to your original measurable objective to obtain appropriate metrics for this section of the plan. Make sure you also build in a budget tracker so that you ensure you are not overspending.

Metrics may include customer numbers, sales volumes, revenue targets, customer churn, Net promoter scores, profitability or the social impact the company has achieved.

---

### Example metrics - Net Promoter Score (NPS)

Net Promoter Score is a customer loyalty metric based on a direct question: How likely are you to recommend our company/product/service to your friends and colleagues?

The scoring for this answer is most often based on a 0-10 scale. The higher the score the more promising for growth.

It has its critics and is not equally useful in all sectors.

---

Individual metrics are indicators only. They need to be reviewed in a wider context before you draw too many conclusions. For example, a sudden spike in staff absence may be the result of a flu epidemic not a disengaged workforce.

But as a marketer or general manager it is worth setting up your dashboard of metrics (these are focused on demand side performance only and you may want to add supply side to give you a balanced scorecard) and monitoring changes in them.

CIM | Marketing Expert

Moor Hall
Cookham
Maidenhead
Berkshire, SL6 9QH
United Kingdom

T +44 (0)1628 427500
F +44 (0)1628 427158
E info@cim.co.uk
W cim.co.uk

@CIM_Exchange
facebook.com/TheCIM
The Chartered Institute of Marketing (CIM)