

BSBMIKG609

Develop a marketing plan

Release 1

Learner guide

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Aspire Version 1.2

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Release 1, version 1.1	April 2017	First release
Release 1, version 1.2	October 2019	Broken URLs fixed and updated to Rebrandly links.

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BSBMKG609 Develop a marketing plan Release 1

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Before you begin

This learner guide is based on the unit of competency *BSBMKG609 Develop a marketing plan*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Accesses information from a range of sources and accurately analyses and evaluates complex information relating to the marketing process
Writing	<ul style="list-style-type: none"> Uses a range of writing styles to articulate complex concepts and ideas Revises and edits documents based on feedback Uses appropriate formats and grammatical structures to present information logically for different audiences
Oral communication	<ul style="list-style-type: none"> Uses appropriate language and non-verbal features to explain and present information to a range of personnel Uses active listening and questioning to elicit feedback
Numeracy	<ul style="list-style-type: none"> Analyses and manages complex information relating to timelines, targets and budgets
Navigate the world of work	<ul style="list-style-type: none"> Works autonomously making high level decisions to ensure organisational objectives and regulatory requirements are met Understands own legal and ethical rights and responsibilities
Interact with others	<ul style="list-style-type: none"> Selects and uses appropriate conventions and protocols when communicating with diverse internal and external stakeholders to seek feedback or share information Demonstrates sophisticated control over oral, visual and/or written formats, drawing on a range of communication practices to achieve goals
Get the work done	<ul style="list-style-type: none"> Accepts responsibility for planning and sequencing complex tasks and workload to meet timelines Uses problem-solving processes to identify key information and issues, evaluate alternative strategies, anticipate consequences and consider implementation issues and contingencies

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Devise marketing strategies	1A Evaluate marketing opportunities that address organisational objectives and evaluate their risks	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Develop marketing strategies that address strengths and opportunities	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Develop increased resources and expertise to identify existing gaps between, marketing capabilities and objectives	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Develop feasible marketing strategies and communicate reasons that justify their selection	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1E Ensure strategies align with the organisation's strategic direction	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1F Develop marketing performance strategies to review the organisational market performance	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Plan marketing tactics	2A Implement marketing strategies in terms of scheduling, costing, responsibilities and accountability	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Identify coordination and monitoring mechanisms for scheduled activities	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Ensure tactics are achievable within an organisation's projected capabilities and budget	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Ensure tactics meet legal and ethical requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2E Use tactics and performance review processes to adjust marketing targets and budgets	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic	Key outcome	Rate your confidence in each section
Topic 3 Prepare and present a marketing plan	3A Ensure a marketing plan meets and incorporates organisational marketing objectives, approaches and strategic mix	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Ensure a marketing plan contains a rationale for objectives and information that supports strategic choices	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Present a marketing plan for approval in required format and time frame	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3D Adjust a marketing plan in response to feedback and implement it within required time frame	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Devise marketing strategies

Marketing is the process of supplying products and services to meet and exceed the needs of customers. The process involves a number of strategic activities such as conducting research to identify customer needs, developing a product or service to meet those needs, and implementing a marketing mix to attract and retain profitable customer relationships.

Profitable customer relationships involve mutual value exchange. That is, both buyers and vendors receive some type of value. Buyers receive value in the form of a service or product they need, and vendors receive value in the form of money or a contra product or service. The more the value exchange is repeated, the more profitable the relationship becomes.

Large organisations may have multiple marketing strategies for products or services, especially when there are many product lines or many geographical markets. Marketing strategies need to support the corporate strategy for competitive advantage and organisational sustainability, and they must avoid exposing the organisation to risk.

In this topic you will learn how to:

- 1A Evaluate marketing opportunities that address organisational objectives and evaluate their risks
- 1B Develop marketing strategies that address strengths and opportunities
- 1C Develop increased resources and expertise to identify existing gaps between marketing capabilities and objectives
- 1D Develop feasible marketing strategies and communicate reasons that justify their selection
- 1E Ensure strategies align with the organisation's strategic direction
- 1F Develop strategies to review the organisation's marketing performance

1A

Evaluate marketing opportunities that address organisational objectives and evaluate their risks

Marketing is about creating value propositions that attract and maintain profitable customer relationships. For marketing to be successful, it requires an understanding of how customers think and how they form perceptions of value in relation to the goods and services offered by an organisation. Customers perceive value if the benefit of using a product or service is greater than the cost of buying it.

However, there is more to be understood about customer value perceptions. Each individual's cultural background, beliefs, personality, motivations, income level and processes for decision-making all determine their desire to purchase a product or service, and their preference for selecting one product or service over another.

It is the role of marketing to identify customer segments (groups of like individuals) and the needs and preferences of those segments.



Marketing managers

Marketing managers conduct research to identify unmet needs and wants in their customer segments. Then they assess their organisation's capability to deliver a product or service that will meet those needs or wants. A want or need could be tangible (a new device, loan or holiday package) or intangible (better service or customer satisfaction). The goal is to create a unique customer value proposition that addresses the gaps in demographic needs.

Creating customer value propositions leads to changes in business operations. This could be the use of resources to develop new products or services, new pricing models, new packaging, new distribution, new referral channels, new promotional or customer service initiatives, or other actions.

Given the cost to the business of value creation, it is important that marketing managers evaluate the marketing opportunity to determine whether it is achievable and will generate a return (sales income or profit), whether it will meet organisational and business strategies (is it in the market that the company wants to grow?) and whether it can be implemented without risk to the organisation of unethical or illegal practices or financial sacrifice.

Marketing opportunities are evaluated to ensure:

- they align with strategic organisational objectives
- they do not expose the organisation to legal or ethical risk
- they are achievable.

Organisational objectives

In order to be sure that marketing strategies support organisational objectives, it helps to clarify what organisational objectives are. Organisational objectives are found in strategic plans.

The levels of strategy are illustrated in this hierarchy of strategies table (adapted from Kotler 2010).

Corporate strategy

- How the various business units connect to create economic value for the organisation
- Setting objectives for financial outcomes and shareholder returns

Business strategy

- How each business unit exploits its capability in one or more markets to create business value
- Each business unit's vision, strategic objectives and target markets
- Each business unit's strategy for competitive advantage in a target market (either a differentiation, cost advantage or a niche strategy)

Marketing strategy

- How customer value is created to meet the needs and wants of customers in the identified target market
- Planning and budgeting for a marketing mix for a particular product or service
- Marketing mix of unique customer value propositions, product or service benefits, methods of distribution of product, pricing policy and promotional activity

Corporate strategy

Corporate strategy defines the kind of business the company is in and its objectives for profit and shareholder return. It contains the vision and mission for the organisation. Hence, fast-food restaurants may have a vision of 'convenience dining' and shopping malls may have a vision of 'leisure experience'.

Business strategy defines the competitive advantage for a particular product line or service managed at a business unit level. A business unit has operations, distribution, marketing, customer service and other departments working together to achieve the sales and profit objectives for a product or service.

Marketing strategy is about creating and maintaining value perceptions for a particular product or service.

Marketing strategies have objectives for:

- marketing positioning/customer acquisition
- customer satisfaction
- customer retention.

Marketing strategy

Marketing strategy and corporate strategy are very closely related. Marketing strategy describes customer needs and how those needs will be satisfied – the same factors that are the basis for the corporate vision and mission. Marketing strategy defines customer groups and opportunities to grow demand for products or services in those groups.

Market growth objectives contribute to corporate strategy because they help senior management set the direction for the organisation and allocate resources accordingly.

Organisational objectives are best described in quantifiable terms. Then performance towards those objectives can be measured.

Example objective: 'Increase shareholder value by 10 per cent year on year'. This organisational objective sets the direction for business units to develop their business growth and marketing strategies. An example marketing objective aligned to this organisational objective is: 'Increase sales of product by five per cent by the end of the second quarter'.



Business marketing options

Marketing opportunities are identified through research, both internal and external.

Examples of research approaches

- Competitor analysis
- Customer insights research
- Macro environmental research (demographic trends, societal change, new legislation or regulations, international trade agreements)
- Internal company research to identify opportunities to increase sales of existing products or services (upselling, cross-selling)
- Analysis of opportunities to extend the product or service line, or diversify into entirely new products or services (new product development)

Marketing options

Marketing opportunities are found through research and there are generally four basic marketing options accessible to any organisation. The organisation where you work may have new products and services available to its new customers, or its existing customers may be more frequent with their buying patterns.

Here is how an organisation can evaluate the market.

Market penetration

- Increase sales of existing products to existing customers
- Develop the market
- Identify and develop new customers for existing products

Product development

- Modify existing products or develop new products and market to existing customers
- Diversify the products or market
- Start up a business, or acquire a business, in a different product line and market

Product life cycle and marketing options

All products, including service-based products, have a life cycle. At some point, a product will be superseded by a new, superior product. The end of the product life cycle reflects a product's obsolescence.

Rapid technological advances have seen shorter product life cycles in software development, car manufacturing, media/entertainment and other industries. One example of obsolescence is the replacement of video DVDs by streaming video.

Marketing managers need to find marketing opportunities that are appropriate for the life cycle of a product or service. When a product has reached the maturity stage of its life cycle, it is time to explore opportunities to improve or replace the product before competitors introduce new products and take market share.

Here are the three stages of the life cycle of a product.

When a product or service first becomes available

- Sales growth is slow as the target market gains awareness.
- Profits are low (margin is absorbed by cost of promotion and cost of distribution).

When sales start climbing quickly

- Early adopters of the new product become referrals, attracting other customers.
- More units are sold and the unit cost of production falls.
- Prices are maintained while profits increase.

When sales growth slows down or levels off

- This is when there is a high level of competition in the market – customers have multiple products to choose from.
- Prices go down and promotion activity increases to try to maintain market share.
- There is the additional expense of research and development to find alternative products to launch to the market.
- In a possible extension to niche markets, profits decline.

Product introduction stage

Companies that are introducing a new product or service to the market can choose to enter the market with a low price point and limited-quality product, or with a high price point and premium-quality product. It depends on organisational strategy and objectives: is there a need to price high so as to recover the investment made in developing the product, or to price low so as to get a higher volume of sales and quickly penetrate the market?



Product growth stage

Once a new product has launched and attracted customers, other companies will want to capture shares of the growing market by introducing their own products. These will be products with added features (to provide additional value to customers and enable positioning as a different product) or competitively priced products.

The company that first introduced the product will seek to increase its sales volume (market penetration) during the growth stage. This can be achieved by lowering the product price slightly or using slightly higher levels of promotion to keep the brand and customer value proposition visible to the target market. The goal of the organisation is to increase profits through an increased volume of sales.



Product maturity stage

The maturity stage is when market share is harder to maintain as more and more competitive products are being sold to the target market. It is a challenging stage for marketing, and usually involves a focus on customer retention through discounts or other incentives.

Customer data

Many factors influence why a consumer or enterprise buyer is attracted to a particular product or service. It is important for marketing managers to identify the ideal customer segments for their products or services, and to source data about those customers' needs, wants and value perceptions.

When marketing to organisations (business-to-business marketing), it is important to establish who the decision-maker is, the process for selecting products or services (buying criteria) and any issues relating to existing products or services. Any issues with existing suppliers present opportunities for a new supplier to exploit.

Consumer buyers

When marketing to consumers, it is essential to know the characteristics of the target consumer segment, their motivations for buying and their buying patterns. Consumers are described using demographic factors (such as age, gender, occupation, geographical location) and psychographic factors (beliefs, cultural influences, motivations, life goals) and anything known about their spending habits.

There are market research firms that specialise in studying age, stage of life, size of family, education, socioeconomic status and other factors to define 'consumer segments'. They gather data about consumer buying behaviour, often from the transactions of retailers. The data available from consumer research companies helps marketing managers identify which consumer segments are most relevant for their organisation and the mindsets to which they need to shape value propositions.

Consumer perceptions of value are often based on:

- safety
- performance
- aesthetic quality
- social quality (for example, 'looks cool')
- price
- customer service.

Evaluate risks of marketing opportunities

Many consumers are socially motivated and conscious of the origin of products or services. They may avoid products associated with mistreatment of animals in product testing or manufacturing. They may object to the impact of a particular product on the environment through its packaging or chemical content.

They may even create negative publicity about companies that they perceive to be causing harm. More importantly, there are certain legal rights of consumers and of an organisation's competitors that marketing managers need to be aware of.

Here are several legislative and industry codes that need to be considered when evaluating risk to marketing opportunities.

Consumer protection

Competition and Consumer Act 2010 (Cth)

Customers have legal rights against a seller or service provider for deceptive practices, high-pressure selling or planned obsolescence. Customers also have a legal right of redress if products or services are not 'fit for purpose', are faulty or unsafe, or where a customer is denied repairs or replacements during product warranty periods.

Market competition is seen as beneficial because it generates the best value for customers. Under law, the Australian Competition and Consumer Commission (ACCC) prohibits contracts, mergers and acquisitions that substantially lessen competition in a market. The ACCC also prohibits price fixing.

Competitor protection

Competition and Consumer Act 2010 (Cth)

An organisation must not make false claims, or make and publish inaccurate pricing comparisons with the aim of promoting a product as of greater value.

Competitors have a legal right of redress if your organisation makes false statements about their products or services.

Industry codes of practice

Most industries have a code of practice to guide organisations in legally compliant marketing activities and business practices. The industry codes of practice have standards that denote fair play, disclosure and transparency.

Deceptive practices

Marketing managers need to ensure that their organisation and business partners avoid deceptive practices so as to avoid loss of reputation and loss of profitable customer relationships.

In Australia, the *Competition and Consumer Act 2010 (Cth)*, administered by the ACCC, gives federal legislators the power to regulate 'unfair or deceptive acts or practices'.

There are also risks an organisation may be faced with when undertaking or implementing any marketing plan. These include: legal risks, ethical risks and the risks of unachievable marketing goals.

There are many deceptive marketing practices that are prohibited by Australian law.

Deceptive pricing

- Falsely advertising a price reduction from a bogus high retail list price

Deceptive promotion

- Overstating the product's features or performance
- Knowingly promoting a loss leader product when there are no units of that product available
- Running rigged contests

Deceptive packaging

- Exaggerating package contents
- Not filling to the top
- Having misleading labelling or misleading consumers as to the country of origin

High-pressure selling

High-pressure selling refers to tactics that persuade people to buy goods they don't need or are not seeking to buy. Under law, door-to-door salespeople are required to announce they are selling a product. For intangibles such as insurance, buyers have a 'cooling-off period' in which they can cancel a contract. In this way, Australian law protects consumers from high-pressure selling.

Marketing managers need to make sure that departments within their company dealing directly with customers (for example, sales, call centres) interact with customers in a legally compliant way. Under the *Competition and Consumer Act 2010* (Cth), consumers can complain to state and federal consumer protection agencies if they have been subject to unreasonable selling pressure.

Poor quality or unsafe products

Manufacturers usually aim to produce quality goods. Resellers and wholesalers usually aim to source quality goods. Retailers usually aim to sell quality goods. However, there can be faults in a product line from time to time. When this occurs, manufacturers and retailers must comply with the law and accept the consumer's right to return faulty or unsafe goods.

Keep the organisation's philosophy and business practices focused on providing quality products and services that satisfy customers. Follow a policy to recall any product line that is found to be unsafe, and a policy to promptly resolve any customer reports about faulty products. Prevent legal risk by implementing policies and procedures for employees to follow, using guidelines from industry codes of practice.

There are times when a customer seeks legal redress.

Seek legal redress when products are:

- not made well or services are not performed well
- faulty
- unsafe.

Planned obsolescence

Planned obsolescence refers to knowingly selling products that will be obsolete before they need replacing, such that components of a particular model are no longer available and customers are forced to buy a later model product.

Companies can withhold new features when they are not fully tested, or when they add more cost to the product than consumers are willing to pay. They do not usually design products to break down, because they do not want to lose customers to competitors. Thus, much of so-called planned obsolescence is merely the impact of competitive industries and technological forces.



Consumer protection law

When evaluating marketing options, the organisation needs to consider its legal obligations to customers and competitors, and to ensure there is no risk of conflict, negative publicity or legal costs through failure to meet those obligations.

Information on consumer protection law can be accessed by following this link to the Australian Consumer Law website: <http://aspirelr.link/consumers-and-acl>

This website also provides information on other business and marketing legal risks that you need to be aware of.

Here is some information about other important legislation to be aware of.

Trade mark legislation

Trade Marks Act 1995 (Cth)

Information about how to protect business names, trade marks and other aspects of a business's intellectual property can be found on the IP Australia website (<http://aspirelr.link/ip-australia>).

Human legislation

Age Discrimination Act 2004 (Cth)

Australian Human Rights Commission Act 1986 (Cth)

Disability Discrimination Act 1992 (Cth)

Racial Discrimination Act 1975 (Cth)

Sex Discrimination Act 1984 (Cth)

Marketing and promotional information must be free of stereotypes and bias towards race, gender, abilities, religion and politics.

Make sure you are aware of any specific laws in your state/territory. For example, Victoria has the *Racial and Religious Tolerance Act 2001*; NSW has the *Anti-Discrimination Act 1977*.

Privacy legislation

Privacy Act 1988 (Cth)

Consumers are protected by laws for the collection and use of their personal information by companies.

It is illegal to mention a person's name or particulars or to use their image in material unless you have a signed agreement from the person.

Environment regulation

Consider sustainability practices and how to limit waste and energy inefficiency. Minimise use of paper.

If you promote your organisation as being environmentally aware, you may enhance client loyalty.

Work health and safety

Work Health and Safety Act 2011 (Cth) and relevant state and territory WHS laws

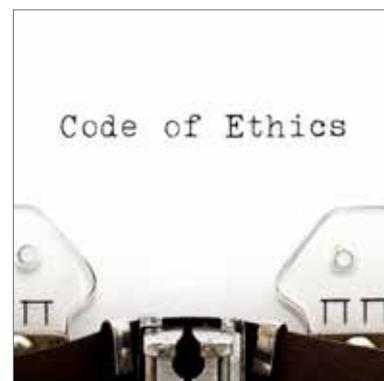
Employers and employees have a duty of care to act safely at all times and not cause others harm. Always keep in mind the safety of others when contributing to marketing activities. Check the marketing plan and identify any activities that need to be checked for safety; for example, if conducting an activity out of doors in a public space. Always comply with both the federal and state WHS legislation.

Evaluate ethical dilemmas

Customers can perceive the practices of an organisation as unethical. This does not mean the company is breaching the law, but the organisation may be seen as 'irresponsible'.

An example is the transfer of call centre operations to international markets where labour costs are lower than in Australia. Websites that collect and track customers' online activity through cookies are considered unethical. Social media testimonials of satisfied customers who are actually bogus customers paid to write positive comments is another ethical issue.

People differ in their personal beliefs about the degree to which a business practice is considered ethical or unethical. Organisations also vary in their philosophy of what is socially responsible and ethical behaviour.



Marketing managers have responsibility for conducting marketing activities in accordance with the ethics policies of their organisation. There is likely to be a written code of conduct that all employees must abide by. The organisation's code of conduct will be based on the code of ethics of an industrial or professional association. For example, the Australian Marketing Institute has a code of professional conduct to guide its members.

Whatever activities are detailed in a marketing plan, those activities should comply with ethics standards, industry codes of practice and the organisation's own policies.

Risk of unachievable goals

New marketing opportunities must be evaluated to determine whether marketing goals are achievable.

Here are some evaluations that may need to be made at the broadest level.

Human resources
<ul style="list-style-type: none"> • Are human resources available?
Budget
<ul style="list-style-type: none"> • Is there sufficient budget to meet costs?
Timing
<ul style="list-style-type: none"> • Is the timing right or does it conflict with major events in society or existing alternative promotion for the same product or service? • Can the product be professionally organised and executed in the time frame allocated?
Expected return
<ul style="list-style-type: none"> • Is the predicted sales volume feasible? • Is the predicted gross profit margin per unit sale feasible?

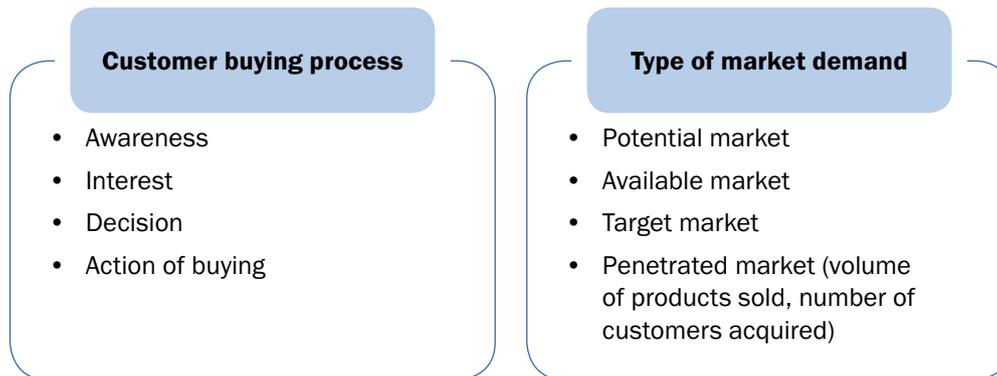
Evaluate return to business

The first step an organisation undertakes in evaluating the potential return of a new marketing opportunity is to estimate the market demand. Market demand for a product is the total volume that would be bought by a defined customer group, in a defined geographical area, in a defined time period, in a defined marketing environment, under a defined marketing program.

Market demand depends on customers' buying behaviour. Possible outcomes that can be generated by new marketing opportunities include the possible growth in market demands that helps to attract and acquire customers.

With increased market demand, the organisation is likely to sell more units and create a higher sales volume. In some instances, an organisation may sell units for a higher margin (that is, reduce costs or increase mark-up so there is more profit per unit sold). This in turn creates an increased market share (more share of the overall market for that product based on comparison of sales of the company and sales of competitors).

Here is an example of the customer buying process, which is commonly referred to as the 'AIDA' process: Awareness, Interest, Decision, Action.



Penetrated market

When estimating the penetrated market, an organisation uses industry information to identify the probable rate of conversion of prospects to customers. An organisation may be able to source this information from professional associations (particularly those they are a member of) or from published journal articles and internet research.

The organisation will look for studies of the average response rate of consumers or enterprise buyers to particular promotional channels. For example, the conversion rate for prospects receiving email promotion could be around three per cent.



Estimate penetrated market

The organisation's own data about buyer behaviour can also help to identify the probable rate of conversion. This is where the marketing opportunity involves promoting a new product or service to an existing group of customers who do business with the company. Knowing the response rate of a group of customers to past promotions helps to predict the response rate of the customers to new customer value propositions. It leads to a valid predictor of the available market.

Alternatively, knowing the size of the customer segment (number of customers in the segment) and then applying an industry conversion rate to that number enables a prediction of the number of customers who will buy (penetrated market).

Where no information is known about the target customer segment or the product is totally new to the marketplace, then a marketing manager may need to get an expert opinion of market demand or even market test the product or service to a sample of the target customer segment.

It is always vital in any case that an organisation uses all available data to estimate both penetrated and potential marketplaces.

Understanding the penetration of potential markets requires the number of prospects:

- to be contacted through an email campaign
- predicted to navigate to and view an offer on a website
- on the database of an alliance partner that will be contacted
- to be contacted via LinkedIn, Facebook or other social media
- on a purchased database.

Evaluate financial return

Another aspect of the evaluation of a new marketing opportunity is the bottom-line financial return. A marketing manager or anyone involved in the marketing process has to make a projection of sales income and then deduct the marketing mix costs to identify the expected gross profit return.

In most instances, an organisational gross profit return is usually calculated by deducting the marketing mix (price, promotion, placement, distribution) from the sales income. In retail, for example, the gross profit return is calculated by deducting the cost of a sale (price, promotion, placement, distribution) from the revenue made from each unit sold.



Example: differentiation on quality

Daniel is the marketing manager for a medium-sized organisation that offers a lunch-delivery service to local businesses. He is planning a marketing strategy where the company differentiates on quality. However, this marketing strategy for differentiation on quality does not align with the existing organisational strategy for low-cost leadership. The risk of this marketing strategy is that customers who have bought at a low price will expect to continue to place orders for the same price.

This will conflict with Daniel's desire to increase prices through a differentiation strategy. His differentiation strategy would lead to value-based pricing such that a better quality of service would lead to higher prices for orders. The higher price would return more gross profit, but at the risk of losing some existing customers.

There is also an issue with the organisational capability of the company, because more resources may be needed to provide the improved service, as well as cater to more customers obtained through market development. Increased sales could require an additional staff person just to take phone orders from customers, as well as more food preparation staff, a dedicated driver for delivery and collections, etc. Daniel would likely need a second vehicle to service customers at the local business park.

There is also a possible ethical issue of employing casual staff for a long time, as the business has already been running for two years with only casual staff.

Practice task 1

Source an organisation of your choice or one that you are familiar with and review the business strategies for the organisation. Identify a product or service offered by the organisation in the growth stage of its life cycle, and a product or service in the maturity stage of its life cycle. Then identify the specific marketing activities undertaken for products at these two stages of the life cycle.

1. Explain the strategy (customer acquisition or customer retention) that is most appropriate for a product in the maturity stage of its life cycle. What are the reasons for your views?

2. Explain the strategy (customer acquisition or customer retention) that is most appropriate for a product in the growth stage. Why is this so?

3. How would you classify the customers: consumers, business/institutional buyers or both? Explain your response.

4. List four customer segments. What distinguishes one customer group from another?

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5. What is the unique value that each customer segment receives from the organisation's product or service? (Why do they buy?)

6. Study the promotions undertaken or proposed to be undertaken. What 'customer value proposition' is used to attract the interest of prospects?

1B Develop marketing strategies that address strengths and opportunities

Organisational strategy is essentially the strategy for competitive advantage in the industry in which the organisation operates. The organisation will have core capabilities and strengths that create industry advantage over competitors. Opportunities to develop a market for a particular product or service are evaluated on how well they fit with organisational strategy and the organisation's capabilities.

A marketing plan can be developed with a mix of product, price, distribution and promotional strategy that combine to exploit the opportunity, within the resources available. Services-based products tend to extend the mix to include people, processes and physical evidence.

No marketing plan is complete without analysis of the expected return to the organisation of the financial, human and physical resources consumed through implementation of the plan.



Competitive advantage

At a corporate strategy level, organisations generally pursue one of three strategies for competitive advantage that include cost leadership, differentiation and niche focus.

Here are the three strategies for competitive advantage.

Cost-leadership strategy

The organisation markets itself and its products and services to a broad market and seeks to gain an advantage by having a market position as the lowest-cost provider.

Differentiation strategy

The organisation markets itself and its products and services to a broad market and seeks to gain an advantage through the unique quality of its products and services, which are superior to those of competitors in some way in terms of the benefits they provide.

Focus/niche strategy

Rather than seeking to target the broader market, the organisation seeks to focus on a niche segment of the overall market. The organisation can then seek to pursue this niche market based on its:

- Cost-leadership strategy – the organisation seeks to be the lowest-cost provider within the niche segment
- differentiation strategy – the organisation seeks to provide a differentiated product within the niche segment.

Market a product

At the business unit level, a marketing mix is decided for each product or service. The marketing mix is then written into a quarterly, six-monthly or annual marketing plan. The marketing mix comprises four elements (sometimes known as the '4 Ps'): product, price, promotion and placement. A product has features and the features provide benefits to users. Customers will be attracted to these benefits; therefore, the customer value proposition must promote the benefits of the product.

Common product benefits include durability, safety, convenience, price, the self-esteem buyers gain from owning the product or receiving the service, access to ongoing benefits through participation in a loyalty-points reward scheme, or other benefits.

Here is an example of the distinction between the features and benefits of a laser printer.

Features

Brand: Print-X

Model: LJ1328

Description: mono laser printer

Components: removable laser toner cartridge; paper tray; power cable with USB connector

Benefits

12-month warranty

Lowest priced laser printer available at the time (\$49.00)

Reputable manufacturer

Pricing, placement and promotion

Pricing strategies calculate the price that will generate demand for the product or service, but also generate sufficient sales volume to earn the revenue to offset costs and return a profit to the company.

Placement refers to where customers can access the product or service (in store, online, through a call centre, via an agent or dealer). There may be multiple distribution channels to make the product or service accessible to customers. Channels may have intermediaries such as in supply chains, where a manufacturer sells to wholesalers and the wholesalers on-sell to retailers. Channels can span national and international locations, including websites with global markets.

Promotion refers to the communication channels and messaging used to attract customers. Advertising, discount offers, signage, trial or taste tests, media releases, trade-show stands sponsorships and digital marketing are all examples of different types of promotion. Messages need to be crafted and promotional activities undertaken to create customer perceptions of value.

There are many different pricing strategies available to marketing managers. One of them is the cost plus pricing strategy, shown here.

Product pricing using cost plus

This is pricing a product via the cost of acquiring, manufacturing or distributing the goods and providing after-sales support and warranty service, plus mark-up.

Service pricing using cost plus

This is pricing a service via the cost of the human and physical resources required to provide the service, plus mark-up.

Marketing mix

The extended marketing mix is important when marketing services because people, processes and physical evidence are most often used by prospective customers to judge the quality and suitability of the customer value proposition (the service offer).

Service organisations typically have an 'extended marketing mix' that includes the three Ps.

The three Ps are:

- People – the appearance and behaviour of professionals who meet clients and deliver the service
- Processes – the steps involved in creating or executing the service product
- Physical evidence – a technical drawing or architectural plan, a logo or brochure layout, etc.

Address organisational strengths and opportunities

Organisational strengths and opportunities can be identified from a SWOT analysis. Typically, the organisational strategy for competitive advantage is based on a clear understanding of organisational strengths (capabilities) and how they are used to produce products or services to meet customer needs and wants.

If an organisation is a cost leader in a particular market, it will have strengths in sourcing products and labour at the lowest possible cost.

If an organisation is a differentiator, it will have the advantage of an integrated value chain that delivers a unique value to customers such as speed of delivery to market, quality of product or competitive pricing.

If an organisation is a niche operator, it will have the advantage of serving a small or narrow customer group that other organisations cannot viably serve or do not have the specialist skills to serve.



Distil organisational strategies

Here is a table that illustrates how organisational strategy is distilled into a set of organisational strengths and then down into a possible marketing mix for a product or service.

Cost leader

Possible strengths

- Reliable and cost-competitive suppliers
- Affordable shop lease with onsite warehouse
- Family members as workers; low cost labour
- Website with e-commerce facility; website hosted at no charge

Possible marketing mix

- Product: products sourced in bulk at lowest cost price and sold at most competitive sales price (that is, lowest price that still returns a margin) with the aim of high turnover
- Price: merchandising strategies used to increase purchase quantity per spend (that is, cross-selling, combo products)
- Placement: transport costs minimised, customer self-service and online ordering implemented
- Promotion: brand products for budget-conscious consumers

Differentiator

Possible strengths

- Accounts with hoteliers and charter bus operators in capital city destinations
- Website linked to all wholesale operators serving Australian states and territories
- Wholesale commissions at below-industry rate
- Excursions scheduled at times of airline low peak and shoulder rates; bulk rate for groups of 12

Possible marketing mix

- Product (service based): small-group excursions to Asia for empty-nesters; max 12 persons per group; focus on exclusivity, unique locations, companionship
- Price: package deal – twin share for 10 nights, return economy flights, transfers and bus tours
- Placement: wholesale operators at commission of no more than 2.5 per cent on retail price; includes web-based travel wholesalers
- Promotion: radio, web banners, social media; customer referral scheme

Niche market

Possible strengths

- Extension of the catalogue available to registered library patrons through browsers
- Exclusive provider contract with the library – no apps from other vendors or app developers are permitted
- Software and data protection of IOS systems; low risk of loss or malfunction of app
- Niche user group – only patrons with iPhones; small group makes it possible to gather personalised feedback to determine future improvements to the product

Possible marketing mix

- Product: cloud app to enable patrons to search a library catalogue and book loan items
- Price: \$4.50 to consumer, of which \$1.50 is iTunes commission
- Placement: mobile devices
- Promotion: app store, iTunes, library brochures, social media

SWOT analysis

As stated, the SWOT analysis is the most common method used to identify an organisation's strengths, weaknesses, opportunities and threats at any given moment in time.

A SWOT analysis identifies advantages and disadvantages associated with marketing a particular product or service. It can also be used to provide a view of the market opportunities available for an entire business unit or for the organisation as a whole.

Here is an example of a SWOT analysis for an organisation with overarching differentiator strategies.

Strengths
<ul style="list-style-type: none"> • Accounts with hoteliers and charter bus operators in capital city destinations of southeast Asia and north Asia • Website linked to all wholesale operators serving Australian states and territories; wholesale commissions at below-industry rate • Excursions scheduled at times of airline low peak and shoulder rates; bulk rate for groups of 12 with FlyHigh Airline
Weaknesses
<ul style="list-style-type: none"> • Possible loss of accounts with hoteliers and charter bus operators in destinations not in demand for Australian outbound tourism to competitors (national or international)

Opportunities
<ul style="list-style-type: none"> • Tourism industry research identifying a growth trend for outbound tourism to China and Vietnam • Tourism industry research identifying a growth trend for budget family holidays to destinations of Phuket, other islands in Thailand, and Vietnam.
Threats
<ul style="list-style-type: none"> • Possibility of media reports of adverse events for young adults in south-east Asia deterring international travel • Possibility of airline fatalities creating a consumer fear of flying

Organisational capabilities

A marketing plan has a time line – quarterly, half yearly or annually. The marketing plan is not implemented until it is reviewed by a number of managers in the organisation. This is to ensure that, firstly, the organisation has the capability to implement the plan, including the marketing budget. The important thing here is that the organisation should receive a return on its marketing budgetary spend.

The only risk to an organisation when implementing a marketing plan is the financial risk. There is no risk to the organisation for implementing the marketing strategy or idea in its initial stages. The organisation must have the capabilities to implement the proposed marketing plan.

There must be sufficient budget to cover all human and physical resources, plus a contingency added to the budget for unexpected costs. Time lines for all activities must be achievable and the activities must be implemented in accordance with policies and procedures, as well as within the laws of Australia, to avoid risk to company reputation and cost of a legal suit.

Analysing an organisation's capability to implement marketing activities relies on the management's ability to recognise all marketing factors and considerations.

Here are examples of such considerations.

Human resources

- Staff required – how many staff, for how many hours, at what salary cost?
- External experts or technical personnel – how will they be sourced and what are the costs involved?

Physical resources

- What resources are on hand?
- What resources need to be purchased or hired? (For example, computers, display stands, uniforms, web developers)

Time line

- Can the activities be properly organised and implemented in the nominated time frame?
- How long is the marketing to be implemented – short-term or ongoing?
- Does the proposed marketing conflict with other promotions? Could there be any customer confusion or dilution of impact?

Risks

- Do the proposed activities comply with industry standards, codes of practice, regulations and organisational policies and procedures?
- How will competitors respond? Will that affect outcomes?

Budget

- Taking into account all costs, is there a budget available to meet the costs?

Time line

Most marketing activities are short term with a limited life (for example, discount offers), while others may be ongoing (for example, brand promotion). It is essential that an organisation reviews the timing for marketing a product or service to avoid any potential for conflict with other offers being promoted by the company. Customers may be confused if multiple promotions are in the marketplace at the same time.

When we talk about marketing strategies and time line constraints within any marketing activity, the first question that we should ask ourselves is, 'Is there sufficient time to properly organise and execute the marketing activities?'



Budget

A marketing budget is calculated as a percentage of the past year's sales revenue. If the sales revenue of a product or service was \$2,000,000 for the past year and a fixed percentage of 10 per cent is allocated for marketing activities, then the marketing budget for the current year will be \$200,000. An alternative approach is to set the budget as a percentage of the sales revenue that a proposed marketing plan is expected to generate.

An organisation may calculate expenditure on all operating expenses except marketing and then allocates whatever budget is left over to marketing plans. This approach does not recognise that marketing is an investment in sales and business growth, and that it should have priority in the organisation's annual expenditure budget.

A marketing budget should be based on the organisation's objectives. The marketing mix for each product or service is planned and costed to provide a realistic budget for marketing. This approach to marketing budgets recognises that marketing expenditure is an investment through which sales revenue will be generated.

When identifying the total cost of any marketing plan, an organisation must take into account all additional costs.

A marketing plan needs to consider expenses including the cost:

- of staffing (salaries)
- of external personnel (consulting fees, agency commissions)
- to hire physical resources (extra computers or display stands)
- to buy media space (web banners/advertisements or radio airtime)
- of website and e-commerce development
- of trial periods or taste tests (products consumed for no return; cost of giving a one-hour free consultation)
- of producing brochures or other promotional collateral
- of renting floor space or some type of exhibition space.

Analyse projected return on marketing

The proposed consumption of organisational resources and use of the marketing budget to implement a marketing plan need to be justified. Therefore, the marketing plan must provide predictions of the outcomes of implementing the marketing plan; that is, the financial return to the organisation.

There are many financial, human and physical resources that can be included in a marketing plan. Here are examples of each.

Financial resources

- Marketing budget (including breakdown of budget to meet different resource requirements)
- Commission to agents, brokers or resellers
- Contingency for unexpected costs

Human resources

- Customer service staff
- Sales field staff
- Marketing consultant
- Web developer/IT
- Drivers

Physical resources

- Signage
- Display stands
- Product brochures
- Website
- Delivery vehicles
- Product samples

Marketing outcomes

Once a marketing plan is approved by all stakeholders in the company, it is implemented. After the plan has been implemented in the marketplace, data can be collected from finance and customer/sales databases to compare actual returns against the predicted returns.

Outcome estimates include:

- market development/penetration (number of new customers acquired)
- market share
- sales volume
- gross profit.

Example: an Australian entrepreneur

An Australian home-based software developer trading as Sport and Go sells a proprietary product, Coach Plus, in the domestic market. Coach Plus is software used by sports coaches to track and analyse the performance of their sports teams during matches. The product has been sold to many coaches of rugby league and basketball teams since its launch six years ago.

Here are examples of an organisation's corporate and objective strategies.

Organisational strengths/competitive advantage

- Low overheads
- Owner is developer
- Product not easy for others to copy
- Product engineering and brand name protected by law

Current marketing opportunity

- Market development strategy (for example, find new customers in softball, hockey and netball)

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Product

- Quality maintained by upgrades and ongoing product development
- Software enhancements enable product use on multiple devices

Price

- Two-tier pricing structure to overcome price barriers (standard and premium products)

Placement

- Online delivery under a licence agreement, with customer care support

Promotion

- Online promotion and testimonials in e-magazines targeting the niche market
- Direct relationship building through internet channels, social media and phone contact
- Exhibition of 'Coach Plus' product at trade fairs attended by sports coaches

Outcomes

- Achieving year-on-year gross profit growth of 15 per cent

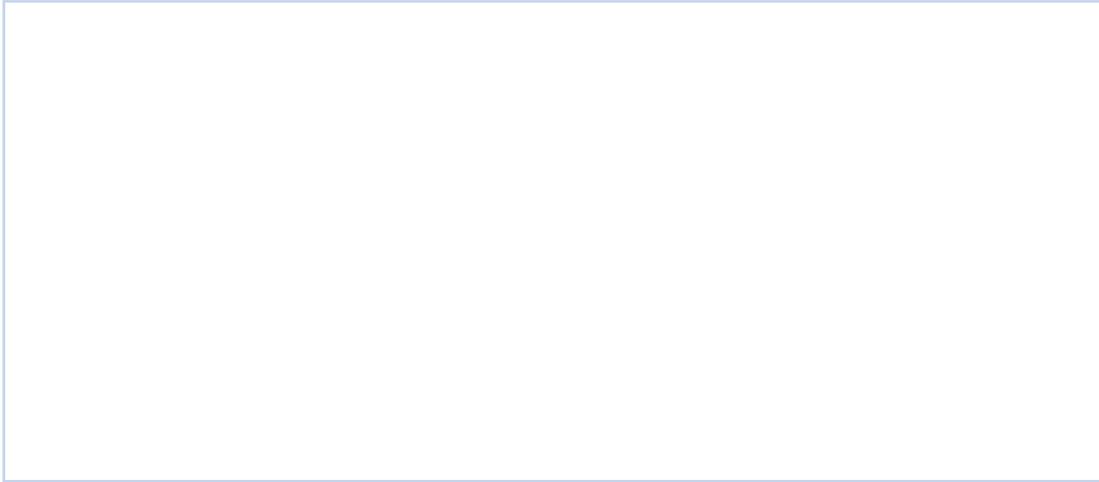
Practice task 2

1. Describe three consumer protection laws that relate to a marketing demographic and the consideration that need to be made when developing a marketing plan.

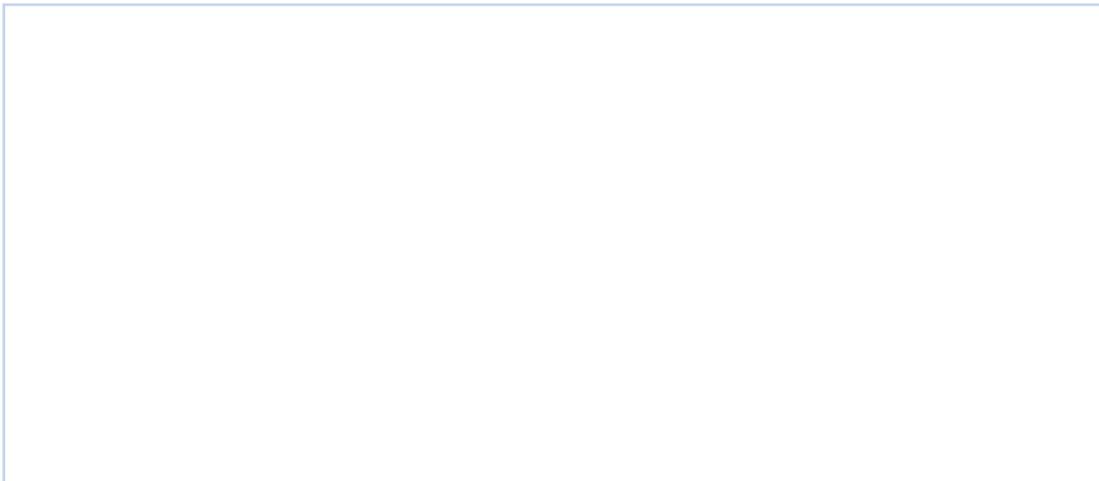
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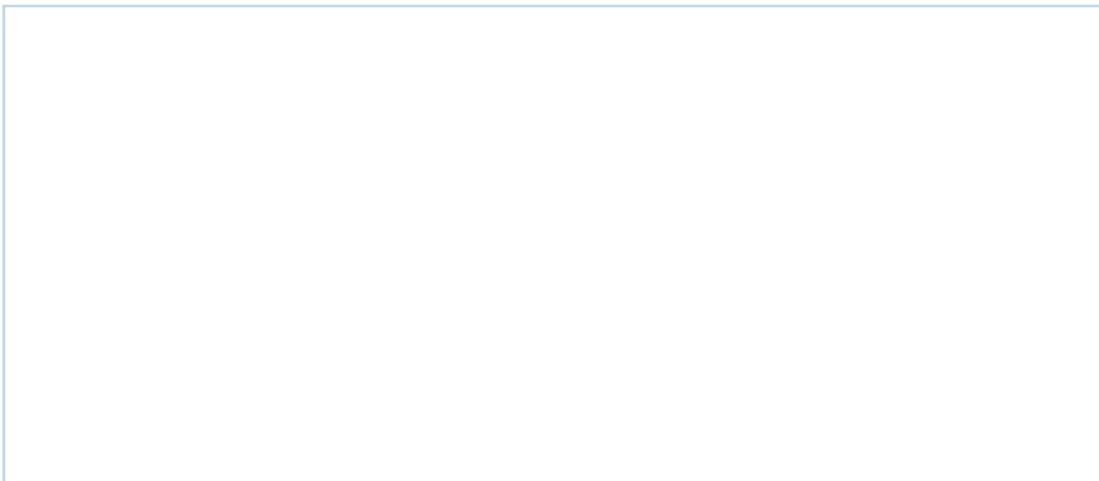
2. Explain the term, 'deceptive practices' and provide an example.



3. A marketing plan is not implemented until it is reviewed and considerations are made by a number of managers in the organisation. What are five considerations?



4. The marketing plan needs to consider budgetary restrictions. What are four expenses that need to be considered when developing the marketing plan?



1C

Develop increased resources and expertise to identify existing gaps between marketing capabilities and objectives

Organisations may not have all the necessary resources or capabilities to fully exploit a marketing opportunity. In some circumstances, the organisation may need to develop business alliances – or partnerships – with other organisations that have expertise or resources that fill a capability gap.

Alliances have the purpose of delivering value to end buyers. They provide a means of establishing a vertical supply chain or extending the range of distribution channels, or increasing specialist expertise if operating as a service provider.



Increase organisational expertise

A strategic alliance is a partnership of two or more businesses where resources are exchanged or pooled for mutual gain. Alliances are often seen in the construction industry and the professional services sector, where consultants and sub-contractors group together to bid for contracts of high worth.

The expertise of the collective of businesses that form a partnership is greater than the expertise of each organisation on its own. The higher the worth of the contract, the more likely that an organisation will need to seek partnerships with other organisations.

A strategic alliance is usually an agreement formulated between two organisations to work together to achieve joint objectives. It could be represented in the form of a contractual agreement between the two parties, an equity sharing joint venture or an agreement providing directives around the need to work together on specific projects.

Types of alliances

Pricing collaborations are very common. Organisations find partners who have complementary products or services that can be co-packaged (bundled) and offered to the market for a competitive price. The burden of the reduced retail price for the bundle is shared among the partners.

Some organisations regard partnership relationship management (PRM) as a core part of their business. Forming, managing and supporting alliance partnerships become part of daily operations.

Here are four examples of marketing alliances.

Product or service alliances
One company licenses another to produce its product.
Promotional alliances
One company agrees to carry a promotion for a company's product.
Logistics alliances
Logistical services are offered by one company to another.
Pricing collaborations
Companies offer each other mutual price discounts.

Advantages and disadvantages of alliances

While beneficial, there is a need for caution in operating strategic alliances. High levels of energy are required to maintain alliances with multiple members. Trust is essential too and may make or break the formation and development of alliances.

There are many indicators for successful alliances, particularly where business partners are homogenous or the venture endures between business partners due to similar asset size, experience and cultural background.

Times when a marketing venture proves less successful may indicate that neither business partner is related to the venture (a sleeping business interest).

Strategic alliances have been identified in areas such as:

- moving into new markets
- filling knowledge gaps
- achieving operational efficiency and economies of scale
- the speed of developing new products
- added value of online channels.

Countertrade and virtual corporations

Countertrade is a strategy that involves the linking of an import and an export transaction in a conditional manner. In countertrade, there is a mutually dependent relationship between buyer and seller. Countertrade is the international trade involving the direct or indirect exchange of goods for other goods instead of cash. It is similar to the barter system of the old days; the barter system is still prominent in some countries.

Advancements in technology and the internet have provided the foundation for virtual corporations; that is, organisations that do not exist in a bricks-and-mortar sense. A virtual corporation is an organisation electronically linked with other organisations to create a product or service without an obvious physical business premises or shop front.

Channel networks

In manufacturing, warehousing and distribution, there is a trend towards vertical supply chains. Each of the businesses within the channel network becomes closely linked. One member's distribution network becomes another member's supply network.

The benefit of channel networks (sometimes called logistics networks) is their ability to get products to market quickly. Hence, competition can arise in an industry between one channel network and another. The Australian supermarket chain is a perfect example of this.



Example: the Australian entrepreneur

An Australian company, Sport and Go, wants to launch its Coach Plus product in the United States of America. The entrepreneur needs one or more strategic alliances to penetrate the foreign market.

Alliances could be developed with:

- Australian Government trade and investment offices in the USA (for information about industry trends and advice about market entry)
- intellectual property lawyers in the USA (for trade mark or patent protection)
- sports clubs (as a promotion channel to reach coaches)
- brokers (agents that find customers for a commission fee)
- web portals and e-commerce sites (for online sales of the product or online advertising).



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Practice task 3

Access and read the article 'Best practice within Australian food service, a case study: Development of quality partnerships for strategic alliances of red meat products' at: <https://aspirelr.link/food-service-case-study>. Then answer the questions about the quality partnership alliance.

1. Explain what the food service company is and the role it plays in the supply chain.

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2. Before the quality partnership, there were conflicts. Explain these conflicts in detail. What were the reasons behind the conflicts?

3. Explain the four criteria that formed the basis of the new customer value proposition.

4. Explain any critical success factors for the long-term survival of the alliance of the meat wholesalers and food service companies. How did their relationships remain resilient?

1D

Develop feasible marketing strategies and communicate reasons that justify their selection

Marketing strategies are developed in accordance with organisational strategy and business strategy. At a business unit level, marketing strategies have objectives to increase sales, grow market share and launch products into new markets, or other objectives. In all cases, the strategies have the aim of attracting inquiries from prospects so that the organisation's sales teams can convert those inquiries into sales.

Marketing strategies that a marketing manager proposes to implement for one or more business units must be assessed by stakeholders to ensure that these strategies are feasible. There could be many departments in the organisation that need to be convinced that a marketing plan has a sound customer value proposition, a clearly identified target customer segment and reasonable calculations of the predicted returns from use of human, physical and financial resources.

Marketing managers need to be effective communicators who present convincing arguments and evidence for the marketing strategies they recommend.



Develop feasible marketing strategies

Price is the one component of the marketing mix that generates revenue; all other components incur cost. Therefore, the pricing strategy becomes a trade-off between what the company needs to earn (to cover its costs and return a profit) and what customers are prepared to pay.

The organisation needs to charge a price that covers all its costs for producing, distributing and selling the product and also delivers a fair rate of return for its effort and risk.

A feasible marketing strategy achieves two things:

- It creates market demand; that is, attracts customers
- It generates gross profit; that is, revenue from sales is high enough to yield a return after offsetting costs of promotion, product and placement

Select pricing options

Often in adjusting prices to fit the competitive situation, an organisation may experience lower profit margins as a result of the pricing option. Organisations that are new to exporting are frequently known to use the cost-plus pricing strategy to gain a toehold in the global marketplace.

There are two cost-plus pricing methods, including the historical accounting cost method, which defines cost as the sum of all direct and indirect manufacturing and overhead costs. Then there is the estimated future cost-plus method. This pricing requires adding up all the costs required to get the product to where it must go, plus shipping and ancillary charges, and a profit percentage.

Apart from these commonly used pricing options, here is a variety of different strategies an organisation can deploy when pricing its products and services (adapted from Kotler 2010).

Cost-plus pricing

This is adding a standard mark-up to the cost of the product. Buyers need to be convinced that the product's value justifies them buying at that price.

Value-based pricing

This is setting a price based on buyers' perceptions of value – how much they will spend and still perceive the product or service to have value. How high can the price be before customers perceive the product is not worth it? Find out the value in the buyers' minds at different price points and identify their perceptions of the value of prices of competitors' products.

Competition-based pricing

This is setting a price by following competitors' prices. Follow the wisdom of the industry and use their selling prices. This requires the company to assume the price will create sufficient gross profit return.

Performance-based pricing

This is an arrangement in which the seller is paid on the basis of actual performance of its offer (service). It is common in professional services where contracts are for provision of intangibles. Pricing is set for sequential delivery of the services. Buyers pay on seller's satisfactory completion of each intangible.

Product-bundle pricing

This is combining several products and offering the complete bundle at a price lower than the sum of the components. Consumers may not buy the products or services separately. The strategy is to 'bundle' them into a package at a combined price low enough to create sales (for example, telecommunications products and services).

Segmented pricing

This is selling a product or service at two or more prices, where the difference in prices is not based on a difference in costs. Basic prices may be adjusted to meet different customer segments and/or customers in different locations. (for example, supermarket chains with different prices for different locations).

Optional product/service pricing

This is the pricing of optional or accessory products along with the main product. The base product is accessible to most customers. The additional options allow more personalisation by some customers. It works for products with ever changing technological and styling enhancements. The company must decide which items fit into the base price and which optional items are to be sold at additional prices.

Captive product pricing

This is the pricing of products that must be used along with a main product, such as blades for a razor, and ink for printers. Companies often price the main product low and set high mark-ups on related products.

Two-part pricing (services organisations)

This is similar to captive product pricing, where the pricing of services is split into a fixed fee for base services and a variable usage rate for other services. The service firm must decide how much to charge for the basic service and for variable usage. The fixed amount should be low enough to create demand for the service. Profit can be made on the variable usage fees (for example, legal services or internet service providers).

Price sensitivity

The terms 'price elasticity' and 'demand elasticity' refer to the degree to which target customers will accept increases or decreases to the price of a product or service and still buy it.

Buyers are less sensitive to price increases when:

- the product they want to buy is unique or high in quality, prestige or exclusiveness
- substitute products are hard to find
- the total expenditure for the product is low relative to their income or they share the purchase cost with another party.

The price–demand relationship

Each incremental change in the price charged for a product or service leads to a change in the level of customer demand. A demand curve is a graph that shows the relationship between price and customer demand for a product or service. This shows the number of units the market will buy at each incremental change in the price point, in a given time period.

Most demand curves slope downward; that is, demand reduces as prices increase. However, for luxury goods, the demand curve can sometimes slope upward, with demand increasing concurrently with price increases.



Competitor forces

It is not only the value perceptions of customers that determine a feasible pricing strategy. The level of competition for market share for a given product or service category also affects pricing strategy. Strategies for creating customer demand and the possible reaction of competitors to those strategies are usually based on a high-price, high-margin strategy or a low-price, low-margin strategy.

These competitor forces may either attract competition from the market or encourage other sellers to cut their prices, or possibly stop competitors from entering into the market. They may also drive competitors out of the marketplace altogether.

Low-cost producer as market leader

A market-leader position may be gained from a low-price, low-margin strategy. This means entering the market with low selling prices, rapidly creating demand in the target market, and then progressively increasing the sales volume and simultaneously decreasing production costs to generate profits.

Risks associated with low-price, low-margin strategies

- Low pricing may give the product a cheap image.
- Competitors may find alliances or introduce a new technology that undercuts the prices.

Set a feasible pricing strategy

Good pricing begins with analysing consumer needs and price perceptions. As much as possible, marketing managers should identify the price point, features and value of competitors' offers. In retailing, a marketing manager can send people to competitors' outlets to compare products and prices; get competitors' price lists; buy competitors' equipment to test; and talk with buyers to find out how they view the price and quality of the competitors' products.

This type of information is much harder to obtain in service industries because the information is often a trade secret contained in confidential business contracts. Information about competitors' prices and offers can be analysed and used as a starting point for a pricing strategy.

The internet provides marketing managers with opportunities to test prices with prospective customer segments. Prices can easily be adjusted to meet increased or decreased demand. It is often thought that internet promotion drives prices down, but there is some evidence that online prices are not necessarily lower than the prices of products sold in physical stores. There can be benefits associated with shopping online that justify the use of value-added pricing.

Setting a feasible pricing strategy requires:

- analysis of customers' price perceptions and price elasticity
- analysis of competitors' pricing strategies
- testing of prices through internet channels.

Steps to effective pricing

Here are several examples of the steps that an organisation can follow when monitoring its pricing strategies and tactics.

Methods to monitor pricing strategies include:

- Start by determining what value the target marketplaces on the product or service.
- Assess the differences in value placed on the offer by different market segments.
- Determine price sensitivity in different market segments.

- Identify the best pricing structure.
- Take account of likely competitors' reactions.
- Measure and monitor the net prices obtained in the market.
- Assess customers' emotional responses to prices.
- Determine whether the market segment or key customer provides sufficient returns in relation to costs.

Price strategy for digital products

Information goods that are distributed in digital form (such as software) have a different cost structure than physical products. Typically, most of the cost of developing these products occurs upfront and there is relatively little cost for ongoing product distribution and product upgrade.

Hence, information products become profitable through economies of scale. Sales volume is the key to profitability for these types of products.



Feasible customer segmentation

Customer segmentation strategy involves dividing the market into groups, where individuals have similar needs and wants for services and products. It can also be a segmentation of people on the basis of their behaviour, culture and economic status.

Another factor in evaluating the feasibility of marketing strategies includes Kotler and Keller's five key criteria for effective customer segmentation.

The five key criteria for effective segmentation

- Measurable – the size, purchasing power and characteristics can be measured
- Substantial – segments are large and profitable enough to serve
- Accessible – segments can be effectively reached and served
- Differentiable – segments are conceptually distinguishable and respond differently to different marketing-mix elements
- Actionable – effective programs can be formulated for attracting and serving the segments

Assess feasibility of marketing strategies

An organisation undertakes assessment of the feasibility of its marketing strategies to objectively and rationally uncover any strengths and/or weaknesses of an existing business marketing activity or a proposed marketing idea or venture, and the opportunities and threats presented in the environment.

A feasibility study evaluates the marketing activities' potential for success; therefore, perceived objectivity is an important factor in the credibility of the study for potential investors and existing stakeholders. Assessing feasibility requires an unbiased approach that provides information on which marketing decisions can be made.

Here are some methods for assessing the feasibility of proposed marketing strategies (adapted from Kotler 2010).

Positioning/offer is attractive

- 'Customer value proposition' is unique, competitive and promotes benefit/s of the product or service.

Pricing strategy is appropriate

- It is based on information about customers' value perceptions and price elasticity.
- It is based on knowledge of competitors' pricing strategies.
- It has an objective for market penetration and takes into account likely responses of competitors.
- If for a new product innovation, market-testing has been done to establish appropriate prices.

Promotion strategy has no risk

- It is ethically and socially responsible.
- It is legally compliant.

Product is of quality and quantity required

- It has been quality tested.
- Company has production or operations resources to reliably produce the product or service to the expected level of demand.
- After-sales support is resourced.

Placement is resourced

- Company has the distribution resources to reliably maintain stock levels to meet the expected level of demand.
- Company has the resources to reliably meet the demand for the service.

Justify selected marketing strategies

After the feasibility checklist has been used to assess the feasibility of a marketing plan, the components of the marketing mix may be amended to meet the requirements of stakeholders. Each of the stakeholders will have an invested interest in the figures proposed in the marketing plan for customer demand, customer response rate and prospect-to-customer conversion rate.

The stakeholders will also want to ensure there is no risk to the organisation of implementing the plan. It will be management's objective to convince the stakeholders that the marketing plan aligns with the organisation's strategy (cost leadership, differentiation or niche focus).

The stakeholders also need to be convinced that the proposed marketing plan aligns with the organisation's strengths and the use of any business resources, such as the marketing budget will in fact generate a financial dividend.

Organisational stakeholders include:

- general manager
- financial controller
- operations manager
- production manager
- sales manager
- customer service/call centre manager
- manager IT operations.

Stakeholder marketing considerations

When undertaking a marketing activity, it is essential that the organisation takes into account stakeholder considerations. They will probably want to comment on the production/operation part of the process and whether the demand level for the product or service can be met during the product promotional period. Stakeholders will also be concerned about the sales progress of the products and services, and the customer service standards during the marketing program.

Most stakeholders will want to make comments about whether staff are available to cater to the expected level of customer response and whether staff rosters can be filled for the days and the hours of the promotional period.

Another area of any promotion is the IT department and stakeholders will want to comment or provide feedback on whether telephony, servers and databases will be able to cater to the increased load (the load of customer service and sales staff operating systems to convert prospects and to process sales).



Most importantly, there is the financial side of the marketing activity that will involve input from all organisational stakeholders.

Communicate reasoning behind selection

Supporting documents can be attached to the marketing plan or presented at a meeting to communicate the reasoning behind choosing a particular customer segment and the reason for deciding the customer value proposition and marketing mix.

Higher levels of information about the customer needs and wants, how they form value perceptions and their price sensitivity will help justify the contents of the marketing plan.

Documents that are effective for communicating reasoning are:

- market research data evidencing the demand for the product/service in the customer segment

- consumer research data evidencing value perceptions and motivations for purchase of that type of product/service, price elasticity
- results of a market test of the product or service
- drafts of promotional material to show how the customer value proposition is presented to prospective customers in the customer segment
- historical sales reports for a similar product/service
- historical sales reports for other offers made to the same customer segment
- market share data (if available).

Practice task 4

1. Below are three items that may appear in a marketing plan. Match each item to the best supporting information.

Item in a marketing plan	Best supporting information
Customer segmentation	Focus group research
Customer value proposition	Competitor price analysis
Pricing strategy	Market research report

2. Describe the features of a service to customers based on a differentiation strategy.

3. Which departments need to confirm the marketing manager's predictions of the available market and the rate of conversion of that available market to a penetrated market?

1E

Ensure strategies align with the organisation's strategic direction

Marketing strategies are effective if they align with an organisation's strategic direction. The strategic direction is likely to be based on one of three organisational strategies: low-cost leadership, differentiation or niche focus.

Stakeholders communicate a marketing plan by:

- formal presentation at a meeting
- distribution of copies of the marketing plan.

Strategic alignment

Marketing opportunities can be identified when changes occur in the external economic or industry environment, or when an organisation identifies unmet needs of customer segments. Strategies can be developed to exploit new opportunities when the organisation has the relevant strengths and capabilities to deliver a product or service to meet those opportunities.

Marketing strategies are then evaluated for their feasibility. Will they grow market share? Will they generate more sales revenue per customer? Will they create a better profit margin per unit? Will there be a net return to the business that justifies the use of financial, physical and human resources?

When marketing becomes concerned with the mid- to long-term survival of the organisation, the planning becomes something known as 'strategic marketing planning'.

Practice task 5

1. Explain three items that may appear in an organisation's marketing plan.

2. Explain the objectives of a business unit that markets a service to customers based on a differentiation strategy.

1F

Develop strategies to review the organisation's marketing performance

A marketing performance review is necessary to identify the outcomes of implementing a marketing plan for a product or service. This review involves the collection of data from sales and call centre/service departments, as well as from websites, to calculate the impact of the 4 Ps (marketing mix) on the organisation.

The review also involves an evaluation of people's performance, particularly of staff responsible for coordinating promotion, distributing products, providing quotes for services, receiving customer inquiries, converting inquiries to sales and providing after-sales support.

There is also a need to review the marketing budget to ensure it was appropriately allocated to the promotional activities and there were no budget overruns. Lastly, there may be a comparison of the financial outcomes of the current marketing plan against the financial outcomes of previous marketing activities to determine if there is any improvement in return to the organisation of marketing investment.



Marketing metrics (calculating the numbers)

Collecting data and calculating marketing metrics are part of the process required for a marketing performance review.

Here are some marketing metrics that can be used for a marketing performance review.

Size of target market segment (number of prospects)

- └ Size of the available customer segment (those interested in the offer)
- └ Number of prospects who responded to a 'call to action' visible in promotional materials
 - Website:
 - Number of clicks
 - Number of online inquiries
 - Number of online purchases
 - Sales/service centre:
 - Number of incoming calls
 - Number of over-the-phone purchases
 - Number of over-the-counter purchases

Size of penetrated market (proportion of segment converted)

- Calculation of number of customers from all purchases
- Conversion rate (ratio of new customers acquired to customers who responded to the call to action)
- Sales revenue
- Marketing costs
- Gross profit return (sales revenue less marketing costs)

Review people's performance

The marketing manager usually requires marketing staff to provide progress reports during the period of implementation of a marketing plan. Reporting is weekly or fortnightly, in person or by email. If staff work in other locations, it may be necessary to hold a progress report meeting by teleconference or Skype.

An employee scorecard may be used to track activities of staff to ensure they complete tasks on time, or there may be some other method of documentation. The primary purpose of monitoring the progress of implementation of a marketing plan is to identify problems as early as possible and then quickly resolve them.

If external agencies are hired, their performance needs to be monitored. The quality, timeliness and cost-effectiveness of suppliers' work needs to be evaluated. It is critical to check that all outsourced work is billed at amounts itemised in the marketing plan, so that the costs of implementing the marketing plan stay within the budget.

Marketing promotions may require the organisation to hire external marketing communication agencies.

External marketing agencies may specialise in:

- social media marketing and search engine optimisation (SEO)
- media buying (that is, newspaper or magazine advertising space, radio or television airtime)
- graphic design and printing
- direct marketing (that is, email marketing)
- website design and e-commerce
- event management.

Review performance against plan

Another aspect of marketing performance reviews is to compare how well the marketing mix performed in the current time frame compared with a similar marketing campaign at an earlier period of time. Is the organisation getting a better return on its investment through repeated promotion of the customer value proposition to the target market? Are there more inquiries this time around? Is repeated promotion increasing awareness of the product or service?

Continuous improvement is possible if the marketing manager analyses performance across marketing campaigns.

Practice task 6

Access several marketing performance reviews, types of marketing metrics and any other relevant reading materials on this topic. Find two marketing metrics that could be used in your organisation or one you are familiar with. List the two metrics and give a brief explanation of how you could collect data for each metric.

Summary

1. Marketing strategies have objectives for building and retaining profitable customer segments for a particular product or service. Marketing strategies address questions like 'How do we position our product or service in the target customer segment?' and 'How do we generate enough sales to make a profit?'
2. Marketing strategies need to align with organisational strategy and objectives. Organisational strategy is concerned with answering questions like 'What business are we in?' and 'What is our competitive advantage?'
3. Marketing strategies evolve as a product or service matures in its life cycle. In time, the product or service is superseded by superior innovations.
4. Marketing plans have a mix of the 4 Ps (product, price, placement and promotion). The mix is planned for a specific period of time. Marketing plans require sound understanding of customer motivations and needs, as well as organisational strengths, opportunities and business resources. Service marketing extends the mix to another 3 Ps (people, processes and physical evidence).
5. Once a marketing plan is drafted, it is communicated to all relevant departments for review of the feasibility and risk potential. Several departments are relied on to implement the marketing plan, including finance, production, operations, distribution, marketing communications and customer service/sales. Hence, marketing managers need 'buy-in' from many stakeholders.
6. Alliances developed with other organisations enable an organisation to enter markets that would not otherwise be possible or to deliver better value to customers, including more competitive prices. Alliances can lead to powerful channel networks.
7. Pricing strategies are a critical component of a marketing plan. Pricing takes into account the value perceptions of customers, their price sensitivity and the organisation's goals for growing its share of a customer segment and generating sales revenue.
8. Writing marketing metrics when preparing a marketing plan helps to specify the data that will need to be collected during the implementation of the plan. Such data enables quantified measures of customer response, conversions, sales revenue and profit return.

Learning checkpoint 1 Devise marketing strategies

This learning checkpoint allows you to review your skills and knowledge in devising marketing strategies.

Part A

1. You work as the marketing manager for a Queensland island tourism resort. The site is 15 years old. Accommodation bookings from domestic and international customer segments have declined in the past six months, yet visitor numbers to the island have increased. What is the stage of the product's life cycle?

2. An alliance between a software manufacturer, a major sports league and a major television network is what type of alliance?

3. Define a 'feasible' marketing plan.

4. Buzz Electronics is a retail store. It will discount the prices of some brands of televisions next month. Purchasers of those products will be offered instant sign-up to pay television network TV-ME with the first month of a 12-month subscription free. What is this pricing strategy best described as?

5. TV-ME's promotion through Buzz Electronics is one of several promotions TV-ME is running through retailers in Australia in the same month. What marketing metric could TV-ME use to find out how effective the subscription promotion has been with Buzz Electronics?

Part B

Read the case study, then answer the questions that follow.

Case study

Buzz Electronics competes with My-HiFi and Marvin Shorman, among other retailers. Its leading product category is electronic games and the leading item in this category is games consoles. This category brings in just over \$2 million in sales revenue per annum. The primary customer segment for the category is males aged 20 to 45 years. The next largest customer segment for the category is females aged 20 to 25 years. The same product category and items (electronic games and games consoles) are sold in competitor stores.

1. What information is needed to identify marketing opportunities for the leading product category at Buzz Electronics?

2. Assuming that gaming is a global growth industry, what opportunities does Buzz Electronics have to build and retain profitable customer relationships? Consider broad-level marketing options and explain the reasons for your answer.

Topic 2

Plan marketing tactics

Marketing plans must be implemented on time and to approved budgets. An organisation relies on the marketing team to get promotional offers to market on time and to coordinate promotional activities within the resources allocated. There may be several promotional activities to be implemented for a marketing plan and there may be several different product or service marketing plans being implemented at any one time. There are tactics that marketing professionals use to successfully implement marketing plans. This topic will explore those tactics.

In this topic you will learn how to:

- 2A Implement marketing strategies in terms of scheduling, costing, responsibilities and accountability
- 2B Identify coordination and monitoring mechanisms for scheduled activities
- 2C Ensure tactics are achievable within an organisation's projected capabilities and budget
- 2D Ensure tactics meet legal and ethical requirements
- 2E Use tactics and performance review processes to adjust marketing targets and budgets

2A

Implement marketing strategies in terms of scheduling, costing, responsibilities and accountability

The implementation of a marketing plan is the 'Do' stage of the marketing process. It follows the 'Plan' stage, where marketing opportunities are identified, a marketing plan is prepared and a budget is approved.

It is paramount that you plan, do, track and review every aspect of the marketing activity or product promotion. Doing this involves understanding and implementing both tactical planning and tactical execution of every stage of the marketing process, as shown below.

Tactical planning

- Planning the work schedule, accountable people and resources
- Checking for ethical and legal compliance

Tactical execution

- Implementing the work schedule to deadline and budget
- Monitoring ethical and legal compliance

Promotion mix and tactical plan

The promotion mix includes trade and consumer promotions. An external supplier (Bono Design) is required to produce creative and materials for these promotions. Promotions are often a collaboration of internal company expertise and external supplier expertise.

Based on the promotion mix, the marketing team prepares a tactical plan for each promotional strategy. The tactical plan lists all activities to be done, the deadlines for each activity, the expenditure required for each activity and the 'responsible owner' for each activity.

A marketing plan may have many promotion strategies. A group of promotion strategies is called a 'promotion mix'.



Marco Wang Calendars				
Marketing plan (July to December)				
Objective and target outcome: market development; 50,000 units to be sold by 31 December				
Customer segment: females 15–55 years				
Product	Crazy cats calendar, 14 pages, full colour, photo illustrated	Creative concept (Bono Design)	Photography (123rf stock photos)	Offset printing and packaging (Galway Printers)
Production budget: \$101,250				
Placement	Brothers Popup Stores (key account)	Distribution ex Sydney to stores	40 popup stores	Brothers Popup Stores (key account)
	Going & Gone Distributors (intermediary)	Distribution ex G&G Sydney to retail accounts	350 retail accounts listed on G&G portal	Going & Gone Distributors (intermediary)
Price	RRP \$19.99/unit	Trade price to Going & Gone \$9.50/unit	Sale price to Brothers \$12.50/unit	
Promotion mix	Sales promotion (launch to trade) September	Sales presentation to Brothers/G&G Web creative (Bono Design)	Link on Brothers portal Sept–Dec	Link on G&G portal Sept–Dec
	Magazine advertising October (full colour, 1 page ad) x 4 inserts	Australian Women’s Weekly	Creative execution and placement (Bono Design)	
	Public relations (digital media), October to December	Content editing and stock photos (Marketing team)	Communities on Facebook, Twitter, YouTube, etc.	
	Sales promotion (2-for-1 offer to the trade), 15–31 December	Point-of-sale stickers (Bono Design) Email promotion to buyers (Marketing team)	Sticker distribution Ex Sydney to Brothers stores	
	Offload remainder stock to clearing houses 5 January (cost price + 10% per unit)			
Promotion budget: \$32,200				

Product and service marketing

In general, the promotion strategies for product and service marketing fall into two types: below-the-line promotion (direct contact with prospects); and above-the-line promotion (indirect contact with prospects).

Below-the-line promotion	Above-the-line promotion
<ul style="list-style-type: none"> • Direct contact • Offer visible to selected individuals • Interactive nature • Direct marketing • Direct selling • Personal selling • Ability to be personalised to the recipient 	<ul style="list-style-type: none"> • Indirect contact • Offer visible to everyone • One-way communication • Paid advertising (TV, radio, print) • Billboards • Buses/bus shelters • Communication to a mass audience

Promotion strategies

The stronger the relationship between an organisation and a customer segment, or the more personal and individually tailored a promotion message needs to be, the more likely it is that below-the-line promotion will be used.

There are three main types of promotion strategy, as shown below.

Corporate strategy

- This is how the various business units connect to create economic value for an organisation.
- It sets objectives for financial outcomes and shareholder returns.

Business strategy

- This is how each business unit will exploit its capability in one or more markets to create business value.
- Each business unit has its vision, strategic objectives and target markets.
- Each business unit has a strategy for competitive advantage in a target market (either a differentiation, cost advantage or niche strategy).

Marketing strategy

- This is how customer value is created to meet the needs and wants of customers in the identified target market.
- It includes a plan and budget for a marketing mix for a particular product or service.
- The marketing mix includes unique customer value propositions, product or service benefits, methods of distribution of product, pricing policy and promotional activity.

Work schedules

Let us look at a sample work schedule for a direct marketing campaign for an insurance product. This direct marketing promotion is targeted at consumer buyers. The schedule lists a sequence of actions to be done, the due date for each action, the cost allocation for each action (if any) and the responsible owner for each action.

Work schedule for an insurance direct marketing campaign			
Email marketing	Date due	Cost allocation	Responsible owner
Brief to agency	1 March	nil	Kathy
Email drafted with product offer and call to action	3 March	\$350	Agency
Prospect list sourced	3 March	\$1,500	Agency
Email content reviewed and sent to legal team for approval	4 March	nil	Kathy
Email content approved	5 March	nil	Legal officer
Approval given to agency to execute	5 March	nil	Kathy
Execution of personalised emails to prospects	5 March	\$1,000	Agency
Report of successful vs. unsuccessful email receipts	9 March	\$100	Agency
Call centre incoming inquiries and conversions to sales tracked	5 to 30 March	nil	Kathy
Results of direct marketing written into quarterly marketing performance report	31 March	nil	Marketing manager
Expenditure for this activity		\$2,950	

Accountability

A work schedule names the people inside and outside the organisation who are accountable for implementing the promotion strategy. The time line in the schedule shows how much time is allocated to each activity, making it clear if there is any leniency for delays in the production process. Usually there isn't!

It is best practice to consult with responsible owners about the due dates before starting implementation, to make sure each person can meet their due date. Far better to amend the work schedule before it begins than trying to amend the work flow for everyone involved in the promotion after the work has started.

Managerial reviews of messages ('creative') are critical. The work schedule includes one or more management reviews. Rarely does a promotional offer get out to market without first being approved by a manager or senior executive of an organisation.



Tactical execution

After the tactical plan comes the tactical execution of the promotion strategy, which means following through on the work schedule.

Here are some steps that can be followed.

Tactical planning

1. Plan the work schedule for production and delivery (the tactical plan).
2. Check for ethical and legal compliance.

Tactical execution

1. Manage the 'look and feel' of the message (the creative).
2. Manage the delivery of the message to target customers (the medium).
3. Work strictly to schedule so the promotion/offer gets to market on time.
4. Keep costs of creative and media steps within cost allocations (the budget).
5. Monitor ethical and legal compliance.

Marketing strategy

1. Create customer value to meet the needs and wants of customers in the identified target market.
2. Include plan and budget for a marketing mix for a particular product or service.
3. Include in marketing mix unique customer value propositions, product or service benefits, methods of distribution of product, pricing policy and promotional activity.

Example: promotional strategies

There are 10 common promotional strategies for product and service marketing.

Promotional strategies for products and services include:

- digital marketing (blogging, videos, webinars, other web content)
- direct marketing (personalised emails or letters or non-personalised letterbox drops)
- sales promotions (discounts or other incentives from wholesalers to retailers, retailers to customers, service providers to consumers)
- personal selling (sales force)
- direct selling (online shops or mail catalogues)
- paid advertising
- events (seminars, exhibits at trade shows, presentations at conferences)
- affiliates or referral schemes
- brokers and agents
- sponsorships and other publicity.

Practice task 7

Prepare a work schedule for the following promotion strategy. The purpose of the task is to think about the sequence of actions that are required to get the promotion to market and the information that needs to be written into a work schedule.

Promotion strategy: sales promotion (trader to trader)	
Brand	Furzy kiwifruit
Target customer	Fresh food distributors
Customer value proposition	Organic golden kiwifruit
Normal price (in season)	\$4.00/kg
Offer (sales promotion to the trade)	One day only, \$3.00/kg

The data you enter into the table will vary according to your choice of promotion strategy. However, the table must, show:

- a chronological sequence of activities required to execute the promotion strategy
- a due date for each activity
- a cost for each activity (or 'nil' if no cost)
- a responsible owner for each activity (someone internal or external to the organisation)
- at least one review point (for example, review by a marketing manager).

Promotion strategy activity	Date due	Cost	Responsible owner
Expenditure for this activity		\$	

2B

Identify coordination and monitoring mechanisms for scheduled activities

Having completed the step of preparing a work schedule, the next step for the marketing team is to identify the mechanisms needed to procure, coordinate and monitor supplies.

Other parts of the tactical planning for promotions also require the coordination and monitoring of the 'responsible owners' from other departments of an organisation.

Coordination also plays a large role in collating data from other departments and from external agencies.

Procure suppliers

An organisation will have policies and procedures for the procurement of supplier services. Most organisations have standard operating procedures (SOPs) to ensure that suppliers are contracted (and the company's budget committed) after it has been ascertained that the supplier has the expertise and resources to undertake the work and that the work can be completed within organisational time frames.

It is also essential to the success of the marketing activity that the supplier is able to deliver the service or product at the price that was prearranged and acceptable within allocated budgetary requirements. It must be ascertained that the supplier is reliable and a quality service provider.

There is a basic process that most marketing professionals follow when procuring suppliers.

The process to procure a supplier
1. Send the supplier a brief about the work required and requesting a quotation.
2. Send three different suppliers a brief about the work required and request quotations.
3. Receive the quote/s and check supplier prices against the cost itemised on the work schedule, then select a supplier that will provide quality service within the allocated budget.
4. Enter into a contract with the supplier by sending an email acceptance of the quote or co-signing a formal contract (if that is the standard operating procedure).
5. Send the supplier any resources needed to do the work (for example, images, research reports) and specifications for company identity (logo, font and other style requirements).

Coordinate and monitor suppliers

Once a supplier is contracted to provide a service, the marketing team must plan a mechanism for progress reporting. This means preparing a document that is shared between the marketing team and the supplier with the purpose of keeping the supplier's progress visible to the marketing team at all times.

Progress reporting is critical, especially when a supplier is working on a number of promotion projects (as many occur when hiring a creative agency). Organisations use two common strategic tactics to monitor their suppliers of goods and services: ensuring they have regular communication with a contact person at the supplier company; and ensuring they maintain a master worksheet of all of the supplier’s current projects, updating it regularly as each task is completed.

A master sheet like the example below can be prepared as soon as the supplier is contracted and then updated as the work proceeds.

Mojo Creative Agency – projects in progress	Draft creative by	Done	Review and return by	Done	Finished product by	Done
Members’ rewards card – new creative design	15 May		17 May		20 May	
Email campaign – lifetime cover – new offer	3 Apr		5 Apr		6 Apr	
Email campaign – health cover – family segment – new offer	8 Apr		10 Apr		12 Apr	

Coordinate and monitor responsible owners from other departments of an organisation

The marketing department has to drive the work schedule for the promotion strategy, keeping contact with suppliers and with responsible owners in other departments (for example, a legal officer). Never assume that someone from another department will complete the activity in the work schedule just because they are aware of the schedule and have agreed to assist. Work pressures and unexpected priorities get in the way.

A mechanism for monitoring responsible owners in other departments and keeping them focused on the promotion strategy is to make timely follow-up emails or phone calls.

It is important to coordinate the provision of data from other departments of an organisation when preparing the tactical plan for a promotion strategy. The marketing team must identify which departments in an organisation collect data that the marketing department can use to identify and report outcomes of the promotion strategy.

The types of data collected could include data from the IT department about website activity (for example, page views). It could be data from a customer contact centre (for example, number of inquiries converted to sales or amount of sales revenue). It could also be data from the sales team about orders, requests for quotes and sales.



Coordinate data from external agencies

If the promotion mix uses broadcast media (television, radio or print), the marketing team needs to ask a media buying agency to provide statistics about the ‘reach’ and ‘frequency’ of the promotion message.

This data is often based on research and supplied as averages. The data may be the average number of prospects in a customer demographic that see or hear the promotion offer, and how frequently those same prospects see or hear the message.

The marketing team uses this data for performance reporting.

Practice task 8

Read the case study, then answer the questions that follow.

Case study

Alison is a marketing coordinator for a property development company selling strata units in apartment block developments. She is responsible for the production of promotional flyers and the delivery of these flyers to sales agents. Alison writes the content, uses the company's preferred graphic designer for the artwork and prints the flyers through a supplier she found online. A sales agent complains to Alison that the flyers look 'smudgy', saying, 'The dark ink has smudged all over the pictures'.

Jeremy is a public relations consultant for the same company. He has hired an event organiser to run a private harbour cruise for 60 investors and their spouses. On the day of the cruise, the CEO asks Jeremy why there is no company branding inside the boat. Jeremy realises there isn't a sign or anything showing the company name. He challenges the event organiser, who replies, 'When did you tell us you needed branding?'

1. What are Alison's mistakes?

2. What has contributed to the poor quality of the flyer?

3. What is Jeremy's mistake?

2C

Ensure tactics are achievable within an organisation's projected capabilities and budget

Work schedules ensure promotional strategies are implemented within an organisation's capabilities and budget. The schedule itemises the breakdown of expenditure (financial budget) for a particular promotion strategy and lists members of the marketing team (the human resources) who will work on, or coordinate, the implementation of the promotion strategy.

Work schedules are usually reviewed by the marketing manager to ensure there are enough personnel available to do the activities. Marketing teams in large organisations often juggle tasks according to workloads and deadlines for projects. The marketing manager is responsible for ensuring that an organisation's marketing activities can be coordinated within the capabilities of the team.

If necessary, the manager makes arrangements to hire additional resources. An alternative action is to delay the launch of one or more promotions to meet the capability of the current head count within the marketing team.

The marketing manager also reviews expenditure itemised in work schedules and calculates how much of the total annual marketing budget has been committed to promotion projects. Marketing expenditure is usually reviewed on a month-by-month basis to see if there is any variance from the predicted spending for each month.



Practice task 9

Conduct internet research to find examples of marketing expenditure reports or marketing expenditure budgets. These reports are often formatted as spreadsheets. You can also access these from your organisation or one you are familiar with.

Study each report and identify:

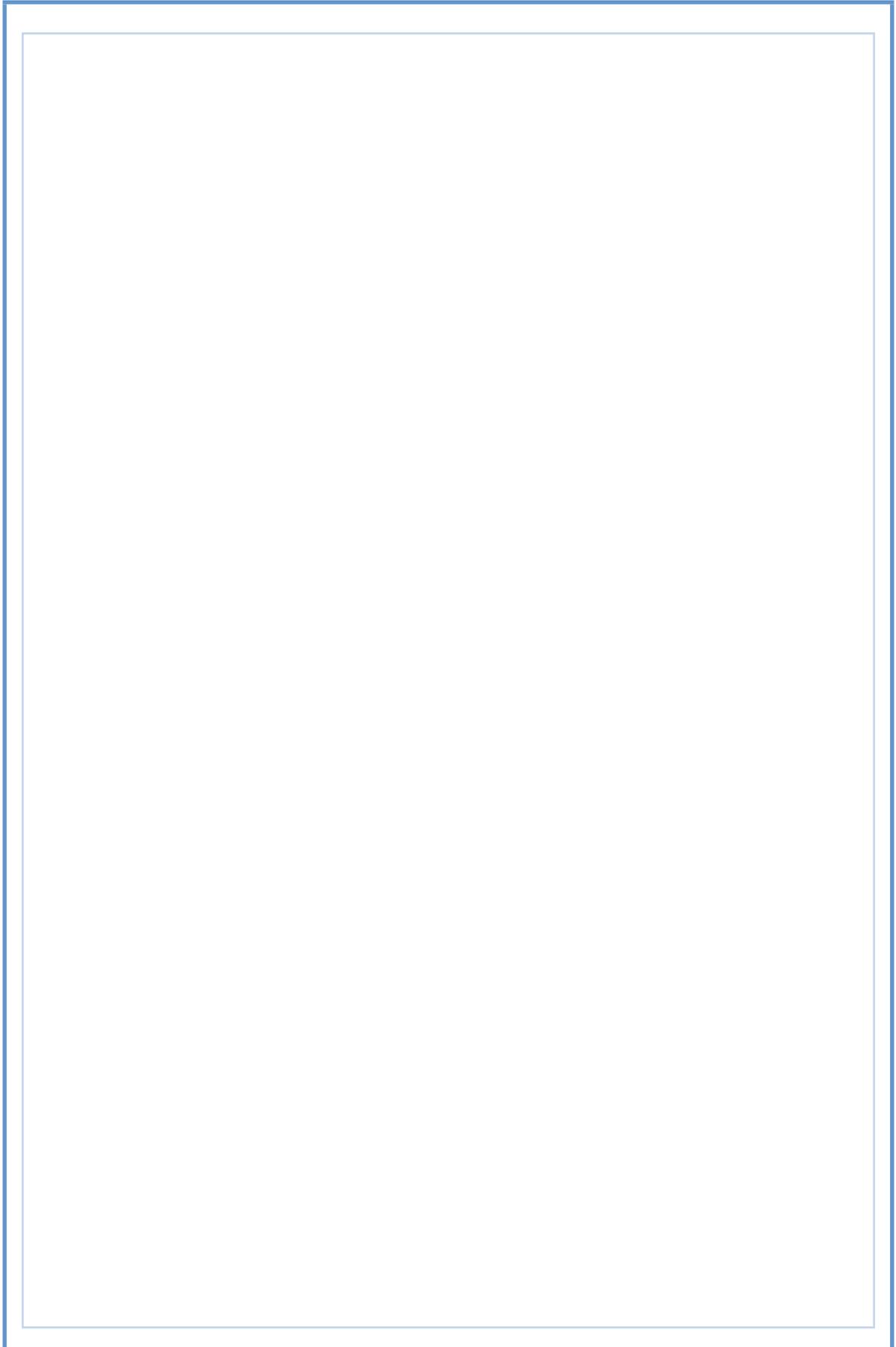
- how the marketing budget is divided up (that is, the expenditure categories)
- example line items for each expenditure category.

Write a summary of about 200 words. List the expenditure categories and provide at least two examples of line items for each category.

Note: ensure confidentiality is maintained if using a report from your workplace.

continued ...

... continued



2D Ensure tactics meet legal and ethical requirements

The promotion mix must be implemented legally and ethically. This means making sure that messages contained in promotional material are legal and ethical. It also means making sure that the delivery of messages is legal, using appropriate media and frequency of media.

The marketing team is assisted in this process by ensuring guidelines within the organisation's policies and procedures are being adhered to. This may include deploying an officer in an organisation who has the role of reviewing materials to ensure they comply with Australian law and industry-specific codes of practice.

These processes enable the marketing strategy to meet its objectives to avoid a range of adverse circumstances from occurring, such as:

- offending people.
- misleading or deceptive practices
- breaching someone's copyright or infringing their privacy.
- misusing personal information of individuals.



These processes enable the marketing strategy to meet its objectives to avoid a range of adverse circumstances from occurring.

Mechanisms for ensuring promotions are ethical and legal

Organisations have company policies about how information is used in promotional activities.

You must comply with legal and ethical requirements when using information, as shown below.

Ensuring promotions are ethical and legal

Follow company policies about what is said, or not said, and what images can or cannot be used when promoting an offer; for example, do not include:

- gender bias
- discriminatory language or stereotypes
- sexual imagery or sexually explicit language.

Using customers as 'talent' for promotions

- Follow company policies about using customers as 'talent' for promotions (these need to comply with the Copyright Act).
- Obtain written approval from customers for use of their identity, photographs or video appearances in company promotions.

Contacting customers

- Follow company policies about contacting customers on the customer database, including a company policy for permission-based email marketing, consistent with the *Spam Act 2003* (Cth), and a company policy for telephone approaches, consistent with the *Do Not Call Register Act 2006* (Cth).
 - Customers must be given an 'opt in' option.
 - Only customers who opt in can be sent email promotions (customers who opt out must not be emailed).
 - Customers who have their name on the Do Not Call Register or who state they don't want to be phoned must not be telephoned.
 - Hours of calling are to be within the hours stated in the Australian Communications and Media Authority's Telecommunications (Do Not Call Register) (Telemarketing Research Calls) Industry Standard 2007

Using customers' personal details

- Follow company policies about disclosure to prospects of how their personal details will be used and securely stored, consistent with the *Privacy Act 1988* (Cth).
 - All digital or email promotions must include a written disclaimer stating the purpose and terms of collection, use and storage of personal information.
 - Include the same disclaimer on forms that collect personal information at marketing events.

Industry codes of practice for advertising

- Follow industry codes of practice for advertising and marketing communications. These apply to social media content as well as consumer comments on a brand's website, including those found at:
 - the Advertising Standards Bureau at: <http://aspirelr.link/ad-standards>
 - the Australian Association of National Advertisers (AANA) at: <http://aspirelr.link/aana>

Industry standards and legislation

Telemarketing and email marketing have become less common since Australian legislation and industry standards were introduced to provide rules for how this type of promotion is done. There are other standards in place for advertising promotions to ensure advertising does not offend consumers.

There are many industry standards and pieces of legislation that organisations need to comply with when implementing promotion strategies, including the following.

Industry Standard for telemarketing

The Australian Communications and Media Authority (ACMA) is a national body that has established the Telecommunications (Do Not Call Register) (Telemarketing and Research Calls) Industry Standard 2007 to govern telemarketing and research calls in Australia.

The Standard covers permitted calling hours, minimum information requirements and termination of calls.

Legislation for telemarketing

The national *Do Not Call Register Act 2006* (Cth) aims to reduce the number of telephone calls that people receive from those trying to sell products or conduct research. A person can list their name and phone number on the Do Not Call Register.

Legislation for email spam

The Spam Act 2003 (Cth) protects consumers from receiving emails they do not want to receive. It requires that organisations sending commercial electronic messages do so only when the recipient has 'opted in' to receive the emails and also, having done so, can at any later time be removed from the email database.

Industry Standard for advertising

'The Code has been adopted by the Australian Association of National Advertisers (AANA) as part of advertising and marketing self-regulation. Its object is to ensure that advertisements and other forms of marketing communications are legal, decent, honest and truthful and that they have been prepared with a sense of obligation to the consumer and society and a sense of fairness and responsibility to competitors.'

See more at: <http://aspirelr.link/aana-regulation>

Legislation for fair handling of personal information

The *Privacy Act 1988* (Cth) regulates the handling of personal information about individuals. The Act sets out 13 Australian Principles of Privacy (APPs). Organisations must follow these principles when collecting, using, storing and disclosing people's personal information. The APPs are applicable to all government organisations in Australia and companies with an annual turnover of \$3 million or more.

See more at: <http://aspirelr.link/privacy-act>

Legislation for misleading or deceptive conduct and anti-competitive conduct

The *Consumer and Competition Act 2010* (Cth) sets out the responsibility on businesses to interact with customers and prospects in ways that are not misleading or deceptive, and that do not prevent fair competition in the industry. Messages contained in promotional material can be persuasive, but not untruthful or misleading. A salesperson may use compelling communication skills to entice a prospect to buy a product, but not pressure selling.

Identity fraud

Identity fraud has become an issue with digital marketing and internet purchases. No matter how sophisticated a company's security policies for online sales, there are limitations on how much companies can protect consumers from the risk of identity theft or credit card fraud.

The best that companies with e-commerce sites can do is to alert consumers to phishing attempts or websites that are fraudulent imitations of their websites, when known. Consumer and customer alerts on phishing and fraudulent websites are managed by the marketing team in conjunction with the IT, finance and possibly legal departments.



Intellectual property and copyright

Intellectual property has become harder to manage and protect in the age of digital media. However, marketing professionals still need to uphold Australian law in respect to their published work, whether it involves above-the-line or below-the-line promotion.

This means using original designs when making promotional materials (emails, letters, website content, advertisements, billboards, signs, etc.). It also means complying with copyright licences attached to photographs, videos or other media purchased for use in the company's promotional materials.

More information about intellectual property and copyright can be found at the following locations:

- <http://aspirelr.link/intellectual-property-legislation>
- <http://aspirelr.link/australian-copyright-council>

Example: Marco Wang advertising and trade promotions

An analysis of the marketing mix strategies that have been proposed for the Marco Wang Calendars (first mentioned in section 2A) may indicate some possible risks. Firstly, Marco Wang representatives may not be complying with the *Consumer and Competition Act 2010* (Cth). They may be communicating in ways that are misleading or deceptive to trade buyers and the general public.

There is also a risk that the magazine advertisements do not meet the AANA code of conduct because they use words or images that may offend some people. This could be seen as stereotyping people through use of discriminatory themes.

Another risk is that some elements in the creative design of the advertisement have been copied from another advertisement (another designer's work), thereby breaching intellectual property/copyright law. There is also a risk that the photographs purchased by Marco Wang and supplied to the creative agency are being re-used by the agency for another company's promotion, which would be a breach of the copyright licence between Marco Wang and the stock library (123rf).

There is a further risk that the offer or messages in the advertisement are misleading or deceptive in some way, giving consumers the impression that the value of the product is different from what it really is. This would also be a breach of the *Consumer and Competition Act 2010* (Cth).



Practice task 10

1. How should an organisation's social media page be managed so it meets legal and ethical requirements?

2. How can you ensure content on social media and the company's website meets ethical standards?

2E

Use tactics and performance review processes to adjust marketing targets and budgets

Tactical marketing includes obtaining the commitment of people inside and outside an organisation to provide data that will enable the marketing manager (or other person on the marketing team) to evaluate the effectiveness of promotional strategies or activities.

Measurable data about the behaviour of target customers exposed to promotional messages needs to be collected and analysed. This data can take many forms. It may be data that indicates awareness of a promotional offer or data about the sequence of actions and range of media vehicles that prospective customers move through before they reach the point of purchasing a product or service.

Analytics is a fast-growing field and is becoming increasingly valuable for evaluating the impact of promotions on customer purchase actions. As well as data that is collected from external sources such as digital media, a marketing manager needs to obtain data about sales activity, which is obtained from an organisation's financial and CRM databases.

In general, marketing strategies are evaluated for their effectiveness in generating customer inquiries and product sales. Close attention to the performance of a promotion mix is essential.



Accountability

How frequently a marketing manager undertakes a performance review of a marketing plan will depend on a number of factors. The success of any marketing plan relies on an organisation's ability to review the performance of the marketing plan and its associated media plan activities.

The performance review of a marketing plan depends on the following:

- The nature of the reporting process between the marketing manager and other executives in the organisation
- The amount of promotion spend – is it high-risk spend or low-risk spend?
- The duration of the plan – how long will promotions be run in the market?
- The level of competition in the marketplace for the particular product or service and so the need to adjust a marketing plan on the fly
- Existence of an alliance partner or an organisation's participation in a channel network where performance needs to be transparent

Analytics

In analysing the results of any marketing promotion or activity, it is rare that consumers will purchase products from a single product promotion. Usually their buying behaviour is driven through exposure to multiple promotions messages seen or heard over different media channels and through the use of a variety of media vehicles.

Consumers access many different media channels for news, entertainment and product purchases. Web technology has diversified these channels beyond the traditional print, television, radio and letterbox options. 'Fragmentation' is a term commonly used by marketing professionals that refers to the increasing diversification of consumer media channels.

When a customer market or demographic market is exposed to numerous media channels, it becomes hard to reach the target prospects in that customer market, with product offers. The marketing team has to decide between the media channels to promote their product and then justify why they have chosen those channels.

Critical decisions about media channels can put pressure on marketing managers to obtain insights about the media preferences of people in their target customer markets. Analytics is the researching of the data patterns to enable the improvement of sales and other organisational performance.

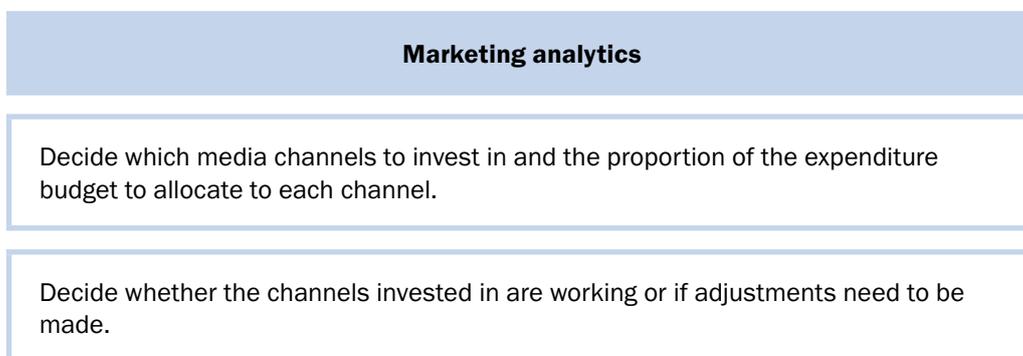


Analytics and decision-making

Experts in marketing analytics use big data (large data sets) and digital media platforms to identify how customers in the target markets interact with media channels. These analytics help marketing managers to decide which channels to use and how to combine different media channels to increase the reach and frequency of a promotional offer.

Live tracking of consumer behaviour also helps in monitoring campaigns while they are in progress. The marketing manager can make changes to the media mix if necessary.

Some information about using analytics follows.



Anecdotal information from other departments of an organisation

Marketing teams have close relationships with other departments of an organisation, such as operations, sales, customer service, finance and IT. These departments hold databases that can provide reports about changes in business activity, customer acquisitions and sales that are used for evaluating marketing performance.

As well as these quantifiable measures of marketing outcomes, anecdotal information is often shared between the marketing manager and the manager or staff of other departments. If a promotion generates a high volume of calls to a customer contact centre or there is a sudden spike in clicks on a company website, then the marketing team will be informally advised that the promotion is having an impact.

Example: effective motor car promotional strategy

Sharon recently watched a motor car commercial. After watching the advertisement, she finds a motor car Facebook page and clicks 'like' for the A'dore model. A few days later, Sharon sees popup advertising for the A'dore on her webmail site. She watches the 15-second video and then shares a link to it on her personal Facebook page. A couple of weeks later, Sharon sees newspaper advertisements for A'dores. She hears a radio advertisement for the same promotion while driving to work.

The A'dore model car dealership is offering end-of-financial-year deals on new cars. Sharon decides that it's a good time to buy a new car because of the discounted price. She visits a car yard the following Saturday. A salesperson at the yard informs Sharon of the promotional discount that is running and invites her to look at the latest model of A'dore, then she takes her for a test drive.

Sharon buys the car, but only on the proviso that she receives after-sales support, a year of free mechanical check-ups and a year's free subscription to roadside assistance. The salesperson agrees, processes the sale transaction and concludes that she is responsible for Sharon's purchase because she gave added value.

Any one of the promotional events on their own would not have had the same outcome, because Sharon would not have gone beyond the 'awareness' or 'interest' stage of the customer buying process. It took a series of exposures to the motor car brand and to promotions of A'dores for Sharon to reach the 'action' stage of the customer buying process.



Practice task 11

Find and read an article on advertising analytics. Then answer the questions that follow.

An example 'Advertising analytics 2.0' can be accessed by following this link: <http://aspirelr.link/advertising-analytics-article>

1. Explain the purpose of analytics.

2. What are the promotions that are visible to all consumers but not the primary media channel for lead generation?

continued ...

... continued

3. What are the three areas of marketing analytics?

4. Explain the term 'attribution'.

5. How could you explain optimisation?

Summary

1. There are many risks associated with implementing marketing plans. These include the risk of not getting promotions into the market on time, the risk of overcharging or poor quality work from suppliers, the risk of delays or lack of assistance from others in the organisation, and ethical and legal risks. Marketing implementation is more effective when tactical planning occurs.
2. The first step in tactical planning is to prepare a work schedule for each promotional strategy in the marketing plan. Promotions have varying methods of production, so their work schedules will not be identical.
3. Another step in tactical planning is to follow an organisation's procurement procedures for hiring suppliers. Always obtain quotations for work and ensure suppliers keep to their quoted prices. Obtaining quotations from three suppliers of a particular service will ensure a more competitive price for that service.
4. Coordinating suppliers to complete work on time requires a progress reporting mechanism. Coordinating people from within an organisation to ensure they complete their tasks on time is best done by follow-up emails or phone calls.
5. Expenses incurred in implementing a promotion mix must be tracked. Actual month-by-month expenditure on promotions needs to be compared to the promotion budget detailed in the marketing plan.
6. The workloads of people on the marketing team need to be monitored and tasks reassigned when necessary or additional human resources brought on board to cope with situations of peak workload.
7. Another step in tactical planning is to identify which departments within an organisation and which external sources have data that the marketing team can use to evaluate the impact of promotions on the target customer market.
8. Marketing analytics is the field of marketing devoted to the collection and analysis of data about consumer behaviour. It provides insights about the complex relationships between media, consumer behaviour and sales.

Learning checkpoint 2 Plan marketing tactics

This learning checkpoint allows you to review your skills and knowledge in planning marketing tactics.

Part A

1. The purpose of tactical planning is to improve the execution of which of the four Ps?

2. What is a tactical plan?

3. What kind of monitoring do marketing professionals who coordinate the execution of promotions need to do?

4. Avoiding cost overruns on promotion strategies requires marketing professionals to do what?



Topic 3

Prepare and present a marketing plan

This topic explores the preparation and presentation of a marketing plan. Like all plans, a marketing plan is a living document. It has the purpose of communicating the marketing strategy for a particular product or service. The plan is usually for a 12-month period, coinciding with an organisation's cyclical financial year. It may have a shorter or longer time line to meet short-term or long-term business needs.

The format of a marketing plan will vary from organisation to organisation. It can be a descriptive report (business report) or a spreadsheet (financial information). A slide presentation may also be prepared to communicate to stakeholders in an organisation how the marketing strategy supports organisational objectives, the reasons for the promotion mix and the expected return to the organisation.

Stakeholders may approve of the plan or ask for modifications. There may be some going back and forth between the marketing department and other departments before the marketing plan is finalised. Once the plan is finalised, it becomes the 'game plan' for that product or service.

The marketing plan includes measurable outcomes. These become the means to evaluate the effectiveness of the marketing strategy once it is implemented in the marketplace.

In this element you will learn how to:

- 3A Ensure a marketing plan meets and incorporates organisational marketing objectives, approaches and strategic mix
- 3B Ensure a marketing plan contains a rationale for objectives and information that supports strategic choices
- 3C Present a marketing plan for approval in required format and time frame
- 3D Adjust a marketing plan in response to feedback and implement it within required time frame

3A

Ensure a marketing plan meets and incorporates organisational marketing objectives, approaches and strategic mix

There is no standard way to write a marketing plan. Each organisation has its own preferred template and style. Whatever format is used, the main purpose is to produce a plan that is clear, concise and convincing.

It is paramount to the success of the marketing activity that your organisation ensures the marketing plan meets organisational and marketing objectives, including business viability and financial constraints.



What goes into the marketing plan?

Here is an example of three broad elements that are seen in a marketing plan.

Marketing strategy and objective

- What do we want to do?
- What is one clear, specific and measurable goal?
- What organisational strategy are we supporting?

Initiatives/tactics

- How will we achieve the objective?
- What is the marketing mix?
- What is the promotions mix?
- How much do these tactics cost?

Measurable outcomes/performance targets

- What impact will the promotions have?
- What are some specific, measurable outcomes?
- What return will the business get?
- Is the ROI (return on investment) acceptable?

Marketing plan statement

An organisation's marketing plan should include a brief statement that explains how the marketing strategy aligns with organisational marketing objectives and possibly also the current business strategy.

A marketing plan can also be a strategy to increase market penetration for the next 12 months. Some plans include summaries of market research, competitor analysis, SWOT analysis and customer perceptions.

Here are two tables that illustrate different approaches an organisation can take to a marketing plan.

Table 1: Contents of a marketing plan (8 topics)	
<p>State Government of Victoria – Business Victoria</p> <p>Business Victoria provides a marketing plan template in Word that can be downloaded and used to prepare your marketing plan. Click on the link ‘Marketing plan template (DOCX)’ at:</p> <p>http://aspirelr.link/marketing-plan-template</p>	<p>Recommended contents of a marketing plan:</p> <ul style="list-style-type: none"> • Summary of your marketing plan • Background analysis of your business and market • Marketing objectives and strategy of your business • Your marketing mix • Action plans and budgets • Organisational implications and contingencies • Evaluation and monitoring strategies • Supporting documentation

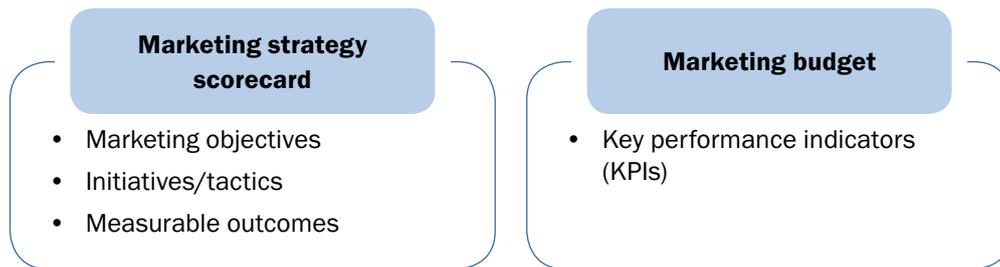
Table 2: Contents of a marketing plan (14 topics)	
<p>Forbes Magazine (Dave Lavinsky) ‘Marketing plan template: exactly what to include’ at:</p> <p>http://aspirelr.link/marketing-plan-template-article</p> <p>Note: choose topics appropriate to the marketing strategy</p>	<p>Recommended contents of a marketing plan:</p> <ul style="list-style-type: none"> • Executive summary (brief summary of the plan) • Description of target customers • Unique selling proposition • Pricing and positioning strategy • Distribution strategy • Marketing materials (including website) • Promotion strategies and offers • Online marketing • Conversion strategy • Joint ventures and partnerships • Referral strategy (customer referrals) • Price transactions (increases/decreases in price) • Retention strategy • Financial projections

Importance of presenting measurable outcomes

Measurable outcomes can be presented in the form of a marketing strategy ‘scorecard’ and/or a marketing budget. A marketing strategy scorecard is usually a concise table of data about the marketing mix, time lines and performance outcomes. Stakeholders need to know the outcomes that are predicted from the marketing strategy scorecard.

A budget is seen as a ‘big picture’ financial report with a focus on the predicted sales revenue, the total marketing expenditure and of course, the most important part of any marketing activity, the return on investment (ROI).

Here is some information about measurable outcomes.



Example: marketing strategy scorecard

Here is an example of a marketing strategy scorecard. You may want to search the internet for other examples.

Marketing strategy scorecard		
Activity/goal (Activity required to implement a marketing strategy/objective)	Target time frame to achieve (Deadline for finishing the activity)	Key performance indicator (A specific, measurable outcome from doing the activity)
Marketing objective 1: Increase market penetration		
Customer referral campaign – \$100 discount to customer for verified lead	Oct–June	75 new customers by 30 June
SEO and pay-per-click	July–June	10 per cent increase in sales revenue
Marketing objective 2: Market development		
Email campaign – bundle offer – target new market	May	100 new customers by 30 June
Marketing objective 3: Customer retention (improve customer satisfaction)		
Customer feedback survey – automated email to customer at close of call	Phase 1: July–December Phase 2: January–June	15 per cent increase from Phase 1 to Phase 2 of customers who will refer us to others 20 per cent increase in customers who will refer us to others from 30 June last year to 30 June this year

Marketing budget

Here is an example of a marketing budget.

BUDGET ANALYSIS	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Market share growth					
Market share last FY	300,000	300,000	300,000	300,000	\$1,200,000
Projected market share this FY	322,500	322,500	322,500	322,500	\$1,290,000
Market share growth (\$)	22,500	22,500	22,500	22,500	\$90,000
% growth					7.5
Marketing strategies for growth					
2.5% price increase for existing markets	7,500	7,500	7,500	7,500	\$30,000
New customer acquisition	2,000	11,300	18,300	28,400	\$60,000
					\$90,000
Promotion mix and expenditure					
Online campaigns					
Pay per click	700	700	700	700	2,800
Banner ad		1,350		1,350	2,700
Affiliate marketing	500	500	500	500	2,000
SEO	500	500	500	500	2,000
Direct marketing					
Creative/placement		2,500		2,500	5,000
Customer relationship management (CRM) – outbound		1,000		1,000	2,000
Sales promotions					
CRM – outbound		1,000		1,000	2,000
Agents' incentives	2000	2000	2000	2000	8,000
Customer referral	800	800	800	800	3,200
					\$29,700
Product expenditure					
Programming			5,000		\$5,000
ROI on growth strategy					
Revenue				\$90,000	Revenue
Less expenditure				\$34,700	Less expend
ROI				\$55,300	ROI

Prepare a marketing strategy scorecard and a budget

Both the marketing strategy scorecard and the budget can be prepared in Excel spreadsheets or other financial management software available in an organisation.

The plans below are for fictional companies, but they demonstrate the format of a marketing plan and the content to include in a marketing plan. These plans use a descriptive format with topic headings and paragraphs. Financial data (including revenue projections) is presented in tables within the plans.

Here are two examples of marketing plans developed for small businesses:

Access a real estate marketing plan at: <http://aspirelr.link/real-estate-marketing-plan>

Access an insurance agency marketing plan at: <http://aspirelr.link/insurance-agency-marketing-plan>



Practice task 12

Access the MNG marketing plan by following this link: <http://aspirelr.link/mng-marketing-plan>, then answer the questions that follow. The article is about a mobile game developer, Mobile News Games (MNG).

The owners of MNG have set a direction for the first three years of business operation and have prepared a marketing plan.

1. Describe the format of the marketing plan.

2. Explain how the marketing strategy aligns with the organisation's objectives.

3. In which sections of the plan are the measurable outcomes presented?

continued ...

... continued

4. Is there any information missing from the marketing plan. Explain what it is.

5. What is the competitive advantage the company has over other mobile game developers?

6. What target customer segments are presented in the marketing plan?

3B

Ensure a marketing plan contains a rationale for objectives and information that supports strategic choices

The marketing manager does a lot of work to analyse marketing opportunities and to choose an appropriate marketing strategy for an organisation. Quite often stakeholders in an organisation have little knowledge about the level of analysis that is undertaken or how the marketing manager came to choose the marketing objectives, media vehicles and marketing mix that they have described in the marketing plan.

Therefore, the marketing manager may need to provide a rationale for the objectives and strategies defined in the plan. If the marketing plan is a descriptive report, documents can be attached to the plan. These documents may include industry research reports, a SWOT analysis or surveys of the target customer segment or demographic.

The rationale for the pricing strategy could be provided, including data about price elasticity in the target customer segment and calculations of the price–demand curve to demonstrate how sales volume changes with different price points. A persuasive way to present a rationale to stakeholders is via a multimedia slide presentation at a scheduled marketing meeting.

The main thing to remember in communicating marketing plans is that the onus for establishing the feasibility of the marketing plan and how it will generate a return to the organisation sits with the marketing manager.



Rationalise marketing objectives

To meet the objectives of any marketing strategy, it is paramount that an organisation deploys a variety of strategies to meet different advertising situations, which may include the targeting of specific demographics or promoting a certain type of product.

There may be a lot of marketing strategies, but remember that only a few basic rationales underpin most of them. The main marketing rationale is usually to promote a good or service, but there are other rationales that draw attention to a political or social issue.

Marketing rationales can usually be classified into four categories. Here are the four categories that assist in the rationalisation of an organisation's marketing objectives.

Function

The function of a marketing activity is to convince a specific targeted group of people to buy a product or service. Marketing campaigns can focus on promoting a candidate or helping an organisation effect social change or can address other political and social issues. For example, a political campaign may use direct-mail advertisements and television and radio commercials.

Brand awareness

Many marketing activities or strategies aim to achieve brand recognition and awareness, as it is believed that a customer is more likely to purchase a product or service if they are familiar with it. Making any product or service a household name is part of achieving brand awareness.

Celebrity endorsements

Getting a celebrity to promote or endorse a product or service helps an organisation capitalise on promotional sales. Star athletes, for example, often endorse running shoes and other sportswear for a specific fee. The marketing strategy in this instance is to get people to imitate their favourite celebrity by purchasing the product or service.

Entertainment

This advertisement strategy is simple to recognise, but can be very difficult to achieve. Entertainment marketing aims to entertain the specific targeted audience through humour or music. A catchy tune draws people in. The best jingles become iconic and the associated product or service is instantly recognisable.

Rationale that supports marketing tactics

A rationale that supports the proposed marketing tactics needs to be provided for estimating the trend of the market, including key industry developments and introduction of new technology or new products.

A business generally makes sure that its marketing plan contains the rationale for its choices by undertaking informal research on the wants and needs of the target users or audience. It is also recommended that an organisation becomes aware of their target users through conscious and continual contact with product sources.

When supporting any marketing tactics, it is paramount that you heighten your product awareness by asking suppliers for feedback. If the rationale does not support the marketing tactics, this may have a negative effect on marketing success, which includes sales, prices and contribution margins, net profits and product trends.



Practice task 13

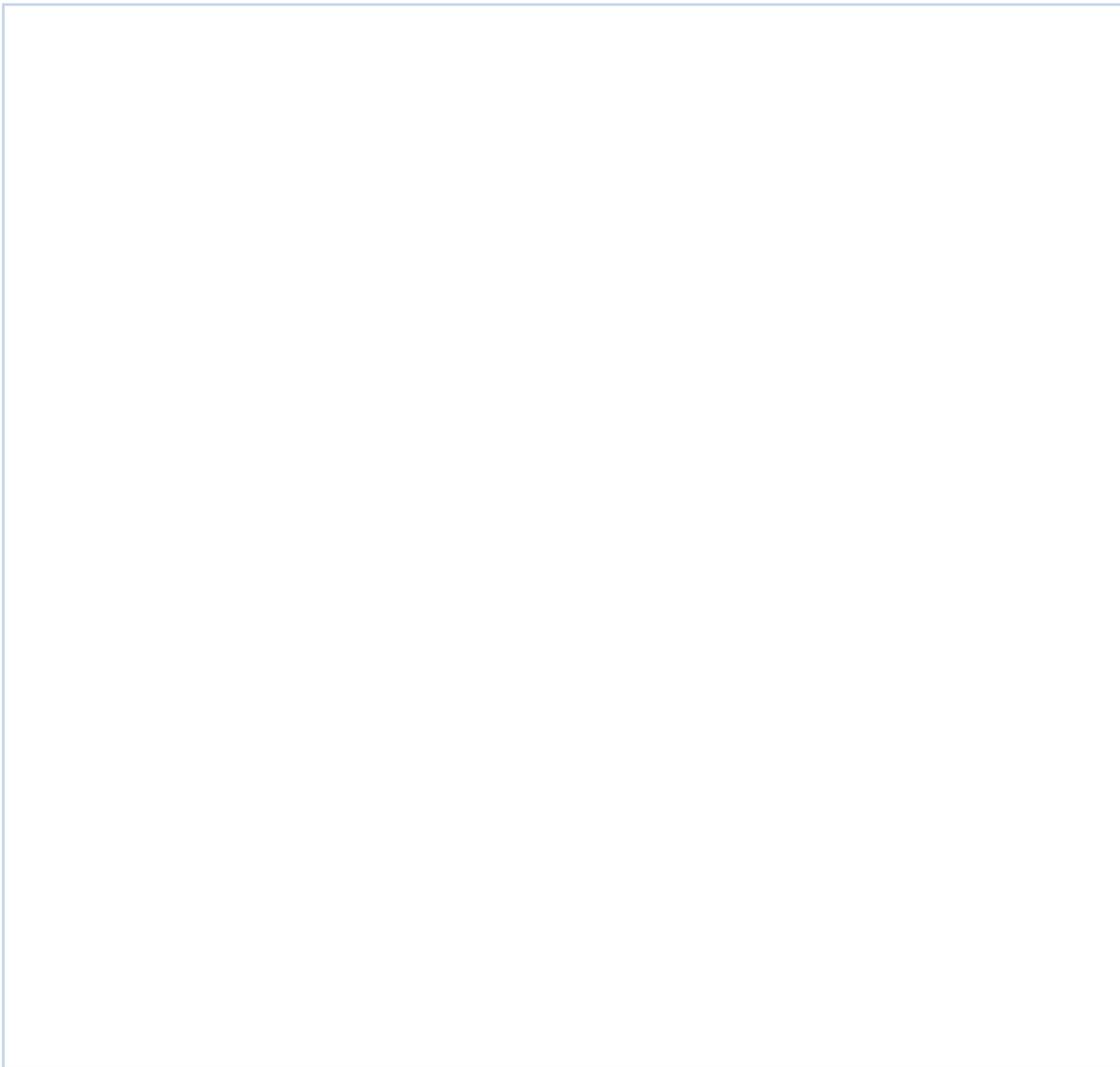
Prepare a marketing plan for your organisation or one you are familiar with. The marketing plan must support organisational objectives. It must include, and have a rationale for:

- the target market (target customers)
- the price strategy and the customer value proposition (why target customers will buy)
- how the product or service will be promoted
- how prospects will access the product or service (distribution channel).

Produce the marketing plan as a Word document. Structure the document with clear topic headings. Marketing plans will vary in content and format, but need to include the:

- marketing strategy
- marketing mix
- marketing expenditure
- predicted sales
- metrics for measuring outcomes
- a rationale.

A description of how the strategy supports organisational objectives also needs to be provided.



3C

Present a marketing plan for approval in the required format and time frame

The format of a marketing plan is dependent on the template that each organisation uses for marketing plans and the information requirements of stakeholders (how much detail they expect to see about the marketing strategy). Common formats used to present marketing plans are written reports (descriptive), slide presentations (visual) and spreadsheets (numerical). At a minimum, stakeholders expect to see a marketing strategy scorecard and a budget in order to understand the financial implications of the marketing strategy.

There may also be a deadline for completing a marketing plan. For example, an organisation may require the marketing manager to present the marketing plan at a leadership team meeting, a board meeting or some other meeting scheduled at a particular time of the month.

Effective marketing planning includes strategies, tactics and tools for managing the design and construction delivery processes and for controlling key factors of all components of the marketing activity to ensure that it is facilitated and communicated in a timely manner.

Before making a presentation to key personnel in the organisation, it is paramount that you have documented the key marketing project constraints and that these meet the values of the stakeholders.

Key marketing constraints include:

- scope
- quality
- schedule
- budget
- resources
- risks.

Presentation styles

A marketing presentation is usually a visual document that details the proposed marketing activities and outlines the organisational marketing objectives of the marketing plan. A marketing presentation is a sales tool used to identify a plan to sell a new or existing product or service. It is often presented to organisational stakeholders via electronic platforms such as PowerPoint and illustrates the marketing plan in detail with written content, colourful infographics and charts.



A marketing plan is usually presented with organisational standards, using prescribed templates and slides. Presentations usually list a number of promotional tactics such as online marketing; street teams visiting schools and sports clubs; publicity; and billboard advertisements. An organisation may even include several photographs to persuade the viewers that their promotional strategies are suitable for the target or demographic marketplace.

Marketing plan format

The main objective behind presenting any marketing plan is to ensure that the contents and layout are presented using the correct organisational formatting, styles, logos, colours and templates. This ensures consistency from one presentation to another and helps to mirror the professional image of the organisation.

A presentation is a selling tool that assists in selling a marketing idea to external parties such as stakeholders; therefore, it is essential that presentation styles are followed according to organisational expectations and standards.

Marketing plan formatting and styles not only need to be presented in accordance with organisational practice, but they also need to be approved by both internal and external parties. So it is essential that they are developed in a way that ensures audience readability, clarity and relevance. Conduct some research to find examples of marketing plan formats.

Rejection of a marketing plan

A marketing plan will be declined by management and organisational stakeholders if it does not meet or comply with the organisation's marketing objectives. There are many factors that contribute to the rejection of a marketing plan.

Perhaps the budgetary requirements for the plan exceed the marketing financial constraints or the marketing plan was too slow in reaching the marketplace and the market segment has become saturated. Perhaps the marketing plan has been declined because the product maturity or product life cycle have expired.

If a marketing plan is not handled with utmost confidentiality, it may be leaked to an organisation's competitors and then be deemed no longer viable.



Deliver a marketing plan on time

A marketing plan not only needs to meet organisational style and formatting standards, it must also be delivered to the business in a timely manner. There is no point in developing a marketing plan for a new product and then taking your time to deliver the proposed marketing activity or strategy, only to discover that someone else has already developed something similar and flooded the marketplace.

In the marketing plan process, it is paramount that the marketing schedule clearly defines not only the processes but also the time line for delivery of the marketing plan. An organisation needs to do this to avoid missing important deadlines and opportunities.

An effective marketing plan should encompass a comprehensive schedule that helps the organisation identify each stage of the marketing strategy. The phases and activities that have been assigned to team members need to be mapped to time lines that measure key dates and assist in the tracking of all progress in marketing plan work.

An excellent marketing plan is usually achieved through the use of a structured process that includes multiple stages.

Stages of a marketing plan
Initiating
Planning
Executing
Monitoring
Controlling
Closing

Practice task 14

Conduct your own informal research to understand the issues that marketing managers experience in gaining the support of stakeholders to implement a marketing plan. You can do internet research or consult with people in your organisation to uncover information about this topic.

1. Why might a marketing plan be declined?

2. Explain in detail when or how this might happen.

3D

Adjust a marketing plan in response to feedback and implement it within the required time frame

Marketing managers need to consult with stakeholders in other departments of an organisation to obtain feedback on the marketing plan that they will then disseminate for implementation. Getting everyone involved is an important part of the success of any marketing plan. The marketing manager needs to ensure that they get feedback from all parts of the organisation, including finance, manufacturing and the personnel department. This is especially important because it will take all hands on deck to make your marketing plan work.



Your key people can provide realistic input on what is achievable and how your goals can be reached, and they can share insights on potential, as-yet-unrealised marketing opportunities, adding another dimension to your plan.

The marketing manager may have to make adjustments to the marketing plan as a result of the consultation process with others in the organisation. The timing for implementation of the promotion mix may need to change, or the financial controller may not approve of the pricing strategy or the budget. Depending on the type of feedback from stakeholders, the marketing manager will amend the marketing plan according to the data collated from the consultation process.

Intellectual property

During any consultation process or implementation of changes to an organisation's marketing plan, it must be remembered that the marketing plan in question is a confidential organisational document and needs to be treated as such. Marketing plans should be disseminated with caution. Email software, mobile communication and cloud platforms are all systems that pose some risks to the confidentiality of documents.

Here are several actions that can be undertaken by the organisation and the marketing team to ensure marketing intellectual property and documents remain confidential.

Actions that a marketing manager can take

- Make sure that emails marked 'confidential' are directed to the correct person or given to them face to face.
- Never use cloud-sharing tools like Dropbox or Google Docs.
- Use databases (for example, SharePoint) on the company's server and upload the plan there for stakeholders to see.
- Restrict access to the file to only the people in the organisation who need to see it.

Consultation

A marketing manager can share the marketing plan with each stakeholder in person or can upload the file to a directory on an organisation's server network that stakeholders can access. Alternatively, the marketing manager can present the plan to a group of stakeholders in a meeting. A slide presentation can be used to communicate the marketing plan to the masses.

However, a slide presentation is not enough on its own to convince stakeholders to endorse the marketing plan. A marketing strategy scorecard and a budget must also be provided. Stakeholders may request time to think about the plan and to analyse resources within their department (for example, production, distribution, operations and call centre). Alternatively, they may ask questions and provide suggestions for how the plan can be improved.

Once the marketing plan meets the needs of stakeholders, it becomes the 'game plan' or 'roadmap' for all departments to follow. If people leave, new people arrive, memories falter or events bring pressure to alter the givens, the information in the written marketing plan stays intact to remind everyone in the organisation of what they have agreed on.



Recognise stakeholder feedback

To achieve success within any marketing plan or strategy, it is essential that you tap into and act on stakeholders' feedback. There are many reasons that it is important to gather feedback from organisational stakeholders. Stakeholders who sit close to the process and marketing plan may have valuable insights and information to feed back to the marketing team. This feedback will usually assist in assessing marketing plan progress against marketing objectives. Stakeholders can also carefully consider how to take advantage of new opportunities and respond to problems when and where they arise.

Understanding stakeholders' perceptions and expectations of the marketing project and their views about what has contributed to its success or failure is key to any process evaluation. You need to be prepared to look at the negative aspects of the process, as well as the positive, and learn from mistakes. Stakeholder feedback needs to be carefully analysed and implemented back into the marketing strategy immediately.

There are a number of factors that may have a direct impact on the success of a strategic marketing plan.

Factors that affect a marketing plan include:

- not knowing the target audience
- not having a clear insight into the measurable goals and objectives
- not selecting the correct communication tactics.

Disseminate a marketing plan

Once you have received and implemented the stakeholders' feedback, you need to disseminate the marketing plan to ensure that adjustments to the plan have been made not only to meet the new objectives but also to meet organisational time constraints.

So the questions here are, what does it mean to disseminate a plan ready for implementation? What processes should you use to disseminate findings from stakeholder feedback? For any feedback to be quickly implemented into a marketing strategy, it needs to be spread widely to ensure the effective dissemination of all information.

Through this process you will establish which information needs to be adjusted in the marketing plan to reflect stakeholder feedback. It is essential that these changes are made efficiently with little or no interruption to the current promotional activity. Stakeholder feedback should be tweaked and implemented into the marketing plan within organisational time frames.

The final version of the marketing plan is then disseminated to the stakeholders. All departments that are involved in the implementation of the marketing mix need to receive a copy of the marketing plan, via one of the methods shown below.

Means of dissemination of a marketing plan

- Upload to a content management system or financial management system
- Upload to a directory on the company's local area network
- Email to each stakeholder with 'confidential' marked in the subject line

Practice task 15

A marketing plan is a confidential document. The information in the plan should never fall into competitors' hands and should always remain the intellectual property of the organisation. The marketing plan should only be seen by the managers or executives in an organisation who have responsibility associated with that product or service.

What actions can a marketing manager take to ensure a marketing plan is received only by those it is intended for?

Summary

1. A marketing plan usually covers a 12-month period, coinciding with a financial year.
2. The format of the plan will vary from organisation to organisation, depending on the template or standard used in an organisation.
3. The plan may be written as a descriptive report or a spreadsheet. Spreadsheets help to present financial projections and the return on investment (ROI).
4. A slide presentation may be prepared as a visual aid to help stakeholders in an organisation to understand the rationale behind the marketing plan.
5. The plan must clearly communicate the marketing objectives, the marketing mix, the expenditure to implement the marketing mix, measurable outcomes and financial return to the organisation. The marketing strategy should align with organisational objectives or the current year's business strategy.
6. The marketing plan should be shared with other managers in an organisation to obtain their input. Amendments may then be made to the plan. The final plan is disseminated to all relevant stakeholders for implementation.

Learning checkpoint 3

Prepare and present a marketing plan

This learning checkpoint allows you to review your skills and knowledge in preparing and presenting a marketing plan.

Part A

1. The section of the marketing plan that explains how the marketing objectives will be achieved is known as what?

2. The section of the marketing plan that puts a marketing strategy into context with the rest of the business is called what?

3. A marketing plan is usually prepared for a particular time period. What is this?

Part B

Read the two scenarios, choose one of them and then prepare a Word document or PowerPoint presentation outlining either the information you need to obtain (Scenario 1) or the research that you need to do (Scenario 2) in order to prepare a marketing plan. Your document must explain at least six different types of information that will be needed.

Scenario 1

Matrix Pharmacy is a retail store in a medium-sized shopping centre. It sells a number of product categories including infant products, beauty products, feminine hygiene products, nutritional products (vitamins), over-the-counter medicines and prescription-only pharmaceuticals. To date, the owner of the pharmacy, Mike Matrix, has not used a marketing plan. His store is adjacent to a medical clinic on the top floor of the centre, so many of his customers are patients from the clinic who buy prescriptions and other products. The retail prices for all his products are the recommended retail prices listed in the suppliers' product catalogues. Another pharmacy has just opened in the shopping centre. Mike needs to be more strategic about his business, so he hires you to review his business, and develop a marketing strategy.

1. What information do you need to obtain from Mike and/or other sources in order to do this?



Scenario 2

You have arranged to meet with a new client, Mr Regus, to discuss the information you need to obtain in order to prepare a marketing plan. Mr Regus is happy to meet with you, but he is frustrated that you have not already written the marketing plan.

2. How do you communicate with someone who does not understand the strategic marketing process and the amount of work that needs to be done to prepare an effective marketing plan?

