

MARKETING MANAGEMENT AND STRATEGY

WEEK 3 DEVELOPING THE MARKETING PLAN

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WEEK THREE

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3.1 Introduction

Welcome to week three lecture! It is my joy to have you in this class! In week two lecture we examined the environment in which we conduct our marketing activities and its impacts. We went further and investigated various strategies developed by firms to address these challenges and concluded by requesting us to do several things. We requested you also to come up with a saying on impact of environment on marketing activities, conduct marketing environmental analysis for a company of your choice and come up a strategy that you can use to respond to the marketing forces. Today we want to move a step further and start the process of developing a marketing plan.

3.2 Intended Learning Outcomes

At the end of this lecture, you will be able to:

1. Define marketing plan;
2. Describe the nature and contents of a marketing plan
3. Develop a marketing plan.

3.3 What is a marketing plan?

We begin this lecture by defining a marketing plan. Several writers have defined marketing plan differently. For instance, Ballens and Evans (2018) view marketing plan as a set of orderly actions aimed at achieving specific objective(s) within a given timeframe. It is a strategic document that outlines the actions/steps a marketer proposes to take to achieve your marketing objectives. Similarly, Marketing plan is a written document that indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period. From Prosidian (2014) and other definition of marketing plan, we notice that a good marketing plan should accomplish the following:

- Explain (from an internal perspective) the impact and results of past marketing decisions.
- Explain the target market in which your business is competing.
- Set goals and provide direction for future marketing efforts that are attainable.
- Set clear, realistic, and measurable targets.
- Include deadlines for meeting those targets.
- Provide a budget for all marketing activities.
- Specify accountability and measures for all activities.
- Be a fluid document that is used, maintained, and updated as your business grows and succeeds.

3.4 Rationale for developing a marketing plan

The rationale/justification for developing a marketing plan is summarized by Ballens and Evans (2018) as follows:

- Helps you reach your target audience.
- Helps you boost your customer base.
- Increases your bottom line.
- Assists you with obtaining finances.
- Helps you set clear, realistic, measurable objectives.
- Helps you focus your total marketing efforts.

Similarly, McDonald (2006) notes that marketing planning makes a great contribution to a firm's success by helping to accomplish the following:

- The systematic identification of emerging opportunities and threats
- Preparedness to meet change.
- The specification of sustainable competitive advantage
- Improved communication among executives
- Reduction of conflicts between individuals and departments
- The involvement of all levels of management in the planning process
- More appropriate allocation of scarce resources
- Consistency of approach across the organization
- A more market-focused orientation across the organization

Before we examine the content of a marketing plan, it is important for us to note that many firms, especially small and medium, do not carry out any marketing plan. This may be attributed to the following:

1. **Lack of Awareness:** Some firms may not fully understand the importance of a marketing plan or may underestimate its role in achieving business objectives. Without awareness of the benefits, they may overlook the need to invest time and resources into developing one.
2. **Resource Constraints:** Conducting a comprehensive marketing plan requires dedicated time, personnel, and financial resources. Small businesses or startups with limited resources may prioritize other immediate needs over developing a marketing plan.
3. **Short-term Focus:** Some firms may prioritize short-term gains over long-term strategic planning. They might focus on immediate sales and tactical activities rather than investing in a structured marketing plan that aims for sustainable growth and brand development.
4. **Lack of Expertise:** Developing an effective marketing plan requires expertise in market research, data analysis, strategy formulation, and implementation. Firms lacking these skills internally may feel overwhelmed or uncertain about how to proceed, leading them to avoid creating a marketing plan altogether.
5. **Reactive Approach:** Certain firms may adopt a reactive approach to marketing, responding to competitors' actions or market trends as they arise rather than proactively planning and executing their own strategies. This reactive mindset can result in ad-hoc marketing efforts rather than a systematic plan.
6. **Misalignment with Business Goals:** In some cases, firms may not see the relevance of a marketing plan to their overall business objectives. They may perceive marketing as a

separate function rather than an integral part of their strategic planning process, leading them to neglect the development of a formal marketing plan.

7. **Overconfidence:** Some firms may believe they already have a deep understanding of their market and their customers, leading them to feel they don't need a formal marketing plan. This overconfidence can prevent them from recognizing potential blind spots or areas for improvement that could be addressed through strategic planning.
8. **Fear of Change:** Developing and implementing a marketing plan often requires adapting to new strategies, technologies, or market conditions. Firms resistant to change may avoid creating a marketing plan out of fear of disrupting existing processes or facing uncertainty about the outcomes of new initiatives.
9. **Lack of Accountability:** Without a structured marketing plan in place, it can be challenging to establish clear goals, metrics, and accountability mechanisms for marketing efforts. Firms may prioritize other areas where performance measurement is more straightforward, leading to a lack of emphasis on strategic marketing planning.
10. **Perception of Complexity:** Developing a marketing plan can seem like a complex and daunting task, especially for firms with limited experience or resources in marketing strategy. The perceived complexity of the process may deter firms from engaging in it, as they may feel overwhelmed or unsure where to begin.

Overall, these reasons highlight various factors that can contribute to firms not conducting a marketing plan, ultimately hindering their ability to effectively target customers, differentiate themselves in the market, and achieve sustainable growth.

3.6 Process of developing a marketing plan

The marketing plan is the central instrument for directing and coordinating the marketing efforts of a firm. The marketing plan planning process will be carried out at two levels: strategic marketing plan and the tactical marketing plan (Kotler and Kelly 2016). The assumption made is that a business is divided into corporate, division, business unit and product level. At corporate and divisional level, we develop overall strategic plan while at strategic business unit and product level we focus mainly on tactical plans.

- a) Corporate and division strategic planning

This is the highest level of organizational planning which will focus on four main issues

- i) Defining the corporate mission
- ii) Establishing strategic business units
- iii) Assigning resources to each strategic business unit
- iv) Assessing growth opportunities

i) Defining the corporate mission

A mission can be defined as a sentence describing a company's function, markets and competitive advantages. It is a short-written statement of your business goals and philosophies. It defines what an organization is, why it exists and its reason for being. It is also referred to as a creed statement, a statement of purpose, a statement of philosophy etc (Marandi A (2021)). Examples of mission statements

- Microsoft corporation: to empower every person and every organization on the planet to achieve more. (It is a customer-oriented mission statement).
- McDonald: To offer the customer fast food prepared in the same high quality worldwide, tasty and reasonably priced, delivered in a consistent low-key décor and friendly manner.
- The Coca-Cola Company: To refresh the world and make a difference.
- Safaricom: To accelerate new growth areas delivering superior customer experience in order to be a purpose-led technology company by 2025
- EABL: Celebrating life every day, everywhere

Good corporate mission has five major characteristics (Kotler and Kelly, 2016)

- Focus on a limited number of goals.
- Stresses the company's major policies and values.
- Define the major competitive spheres within which the company will operate.
- Takes a long-term view of the business.
- Short memorable and as meaningful as possible

ii) Establishing strategic business units

A Strategic Business Unit (SBU) is a semi-autonomous unit within a larger organization that operates as an independent entity. SBUs are typically responsible for their own profit and loss, allowing the parent company to focus on specific markets or product lines. Each SBU often has its own set of objectives, strategies, and resources tailored to its market or product focus. According to (Kotler and Kelly, 2016) SBUs have three main characteristics:

- It is a single business or a collection of related businesses, that can be planned separately from the rest of the company.
- It has its own set of competitors.
- It has a manager responsible for strategic planning and profit performance, who controls most of the factors affecting it.

iii) Assigning resources to each strategic business unit

In this step the management team must decide how to allocate corporate resources to each strategic business unit. Models such as GE/McKinsey Matrix and BCG Growth-Share Matrix usually guide investment decisions. More reliable models like shareholders value and market value of a company

are used to allocate resources. These value calculations assess the potential of a business based on growth opportunities from global expansion, repositioning, retargeting and strategic outsourcing.

iv) Assessing growth opportunities

This may involve such strategies as planning new business, downsizing, and terminating older businesses. The process of assessing growth opportunities may involve either of the following:

a) Intensive growth: this is where the firm identifies opportunity for growth within the current business portfolio. The product market expansion model may guide the firm in making this assessment. The four main strategies that the firm may pursue include:

- Market penetration: gain more market share with the current product in the current market.
- Market development: develop new markets for current products.
- Product development: develop new products for the current market.
- Diversification: develop new products for new markets.

b) Integrative growth strategy: this may take three different forms: forward, backward, and horizontal integration strategies. *Forward integration* involves a company expanding its operations or control further along the supply chain by acquiring or merging with businesses that are closer to the end customer. This strategy allows the company to directly control distribution channels or access to end-users. For example, a manufacturer might acquire a retail chain to sell its products directly to consumers, bypassing intermediaries. *Backward integration* involves a company acquiring or merging with businesses that are positioned earlier in the supply chain, typically suppliers or raw material producers. This strategy gives the company more control over its supply chain, reduces dependency on suppliers, and may lead to cost savings or greater operational efficiency. For example, a food company might acquire a farm or a food processing plant to secure a stable supply of raw materials. *Horizontal integration* involves a company expanding its operations by acquiring or merging with competitors or businesses operating at the same stage of the value chain. This strategy aims to increase market share, eliminate competition, and achieve economies of scale. Horizontal integration can lead to synergies through the consolidation of resources, technologies, or market presence. For example, a telecommunications company might acquire another telecommunications provider to expand its customer base and geographic reach.

c) Diversification growth strategy occurs when opportunities are available outside the present business, highly attractive and the firm has the right mix of business strengths to succeed. Various types of diversification include related, unrelated, horizontal, concentric, and conglomerate. *Related diversification* involves expanding into businesses that are closely related to the company's existing products, services, or markets. This strategy allows the company to leverage its existing capabilities, resources, or customer base to enter new markets or introduce new products. For example, a company that manufactures

smartphones might diversify into producing accessories such as cases, chargers, or headphones. *Unrelated diversification* involves entering businesses that have no direct connection to the company's current products, services, or markets. This strategy allows the company to spread its risk across different industries and reduce its dependence on any single market or product. For example, a company that manufactures automobiles might diversify into the hospitality industry by acquiring hotels or resorts. *Horizontal diversification* involves expanding into businesses that are related to the company's existing products or services but operate in different markets or industries. This strategy allows the company to capitalize on its existing brand reputation, distribution channels, or technological expertise to enter new markets or capture additional market share. For example, a company that produces athletic apparel might diversify into the footwear industry by launching a line of athletic shoes. *Concentric diversification* involves expanding into businesses that are related to the company's core competencies or existing products but serve different customer segments or address different needs. This strategy allows the company to leverage its existing capabilities and infrastructure to enter new markets or extend its product offerings. For example, a company that manufactures home appliances might diversify into producing commercial kitchen equipment. *Conglomerate diversification* involves entering businesses that have no apparent connection to the company's existing products, services, or markets. This strategy allows the company to pursue growth opportunities in unrelated industries and reduce its dependence on any single market or product category. For example, a technology company might diversify into the food and beverage industry by acquiring a restaurant chain.

d) Downsizing and divesting older businesses: this involves harvesting or divesting older business to release resources for other use and reduce costs. Divesting in business refers to the strategic decision of a company to sell off or dispose of certain assets, subsidiaries, divisions, or business units. This divestiture can be part of a broader strategic restructuring effort aimed at focusing on core business activities, improving financial performance, reducing debt, or reallocating resources to more promising areas. Divesting can take various forms, including selling assets or business units outright, spinning off subsidiaries as independent entities, or entering into joint ventures or strategic partnerships. The divestiture process typically involves thorough evaluation, planning, and execution to maximize value for the company and its shareholders while minimizing disruptions to operations and stakeholders.

b) Business unit strategic planning

This is the second phase of marketing planning after corporate planning. The process requires each strategic business unit to come up with its strategic plan. The various steps involved are displayed in figure 3.1.

- c) Focus: the business focuses on one or more narrow market segments, gets to know them intimately and pursues either cost leadership or differentiation within the target segments.

Step 5: Program formulation: it involves developing a detailed plan for each program, outlining the activities, timelines, milestones, and deliverables. Considers the sequencing of activities and dependencies between different components of the program.

Step 6: strategy implementation: strategy implementation requires the marketer to consider all stakeholders to succeed. These will include customers, employees, suppliers, distributors, and other stakeholders. McKinsey and company strategy can help in strategy implementation (Sisodia et al 2007). The model considers 7Ss strategy, structure, systems (hardware) and style, skill, staff, and shared values (the software) for success. Style: common way of thinking and behaving, skill: employees have the skills needed to carry out the company's strategy. *Staffing* means the company has hired able people, trained them well and assigned them to the right jobs. *Shared values* mean employees share the same guiding values.

Step 7: Feedback and control: the changing environment necessitates the firm to keep on assessing its strategy to remain relevant. The firm must "do the right thing (effective) and do things right (efficient). The key to organizational health is willingness to examine the changing environment and adopt new goals and behaviors.

3.7 Nature and content of a marketing plan

There are various ways of summarizing a marketing plan: we will examine two briefly

A Marketing plan is a written document that indicates how the firm plans to reach its marketing objectives. The content of a marketing plan will constitute the following elements (Kotler and Kelly 2016)

1. Executive summary

- It briefly describes the plan's objectives and main points.

2. Situational analysis/Current marketing situation

- Description of macro environment (political, economic, social, technological etc).
- Description of the product market and customers.
- Description of current marketing activities (product, price, promotion, distribution etc) and previous results.
- Description of competitors (e.g. other universities offering similar programs).

3. SWOT analysis

- Describe the internal strengths that can affect marketing performance.
- Describe the internal weaknesses that can affect marketing performance.
- Describe the external opportunities that can affect marketing performance.
- Describe the external threats that can affect marketing performance.

NB-Should describe the key strengths and weaknesses within the institution and opportunities and threats that the institution faces.

4. Segmentation, targeting and positioning

- Describe the segments to be targeted.
- Indicate how the product, brand or organization will be positioned for the selected customer segment (s).

5. Marketing objectives

- Outline the marketing objectives.

They are expressed in sales volume, market share, profit and other relevant terms.

6. Marketing strategies

- Describe the marketing strategies that should be used to achieve the marketing objectives.

7. Action programs/Marketing programs

- Tactics and programs (action plan) - month by month actions that will help in achievement of marketing objectives (dates, person responsible and a budget).

8. Financial projections/Financial plans (budgets)

- Outline projected costs, revenue and sales forecasts and expected profits.

9. Controls and implementation/Metrics and implementation controls

- How will the performance be measured? What areas need to be monitored to gauge performance e.g. revenue (trimester and annual), Expenses (trimester and annual), student satisfaction, new programs development etc
- How will the problems or performance variations be identified and corrected?
- How will the marketing department be organized (who has the overall responsibility for marketing strategy and direction, how many people are required in the department etc)?
- What is the contingency plan for dealing with unexpected results and future scenarios?

According to McDonald and Wilson. (2011) the components of a marketing plan include:

- | | |
|--------------------------|-------------------------------|
| 1. Executive Summary | 6. Your Product or Service |
| 2. Your Goals/Objectives | 7. Your Distribution Strategy |
| 3. Your Business | 8. Your Promotion Strategy |
| 4. Your Customers | 9. Your Pricing Strategy |
| 5. Your Competitors | 10. Your Marketing Budget |

3.8 Review Questions

1. Based on the definitions and characteristics provided, explain why a marketing plan is considered a crucial strategic document for businesses, particularly in achieving their objectives and sustaining growth.
2. Discuss the key reasons why some firms, especially small and medium-sized enterprises (SMEs), might overlook or neglect the development of a marketing plan despite its evident benefits. How can these firms overcome such challenges and integrate marketing planning into their operations effectively?
3. Analyze the importance of strategic business units (SBUs) in the overall marketing planning process. How do SBUs contribute to the alignment of corporate objectives with specific market segments and product lines? Provide examples to illustrate your points.

4. Evaluate the significance of conducting SWOT analysis within the context of marketing planning. How does SWOT analysis assist marketers in identifying internal strengths and weaknesses, as well as external opportunities and threats? Discuss the implications of SWOT analysis findings on the formulation of marketing strategies.
5. Compare and contrast the components outlined in the marketing plan summaries provided by Kotler and Kelly (2016) and McDonald and Wilson (2011). Highlight any similarities, differences, or additional elements present in each framework. Additionally, discuss the significance of each component in guiding effective marketing decision-making and implementation.

Self-test

1. What is a marketing plan, as defined in the provided text?
 - a) A document outlining the company's financial goals
 - b) A strategic document detailing actions to achieve marketing objectives
 - c) A report summarizing past marketing decisions
 - d) A description of the company's corporate mission
2. According to Ballens and Evans (2018), what is the primary purpose of developing a marketing plan?
 - a) To increase shareholder dividends
 - b) To outline the company's manufacturing process
 - c) To set clear, realistic, and measurable targets
 - d) To eliminate competition in the market
3. Which of the following is NOT identified as a rationale for developing a marketing plan?
 - a) Boosting customer base
 - b) Reducing conflicts between departments
 - c) Obtaining finances
 - d) Setting unclear objectives
4. What is the highest level of organizational planning discussed in the text?
 - a) Business unit strategic planning
 - b) Marketing plan development
 - c) Corporate and division strategic planning
 - d) Tactical marketing plan formulation
5. What is the purpose of SWOT analysis in the marketing planning process?
 - a) To identify internal strengths and weaknesses only
 - b) To assess competitor strategies
 - c) To evaluate environmental opportunities and threats
 - d) To calculate financial projections
6. What are the three generic strategies proposed by Michael Porter for firms to pursue?
 - a) Product development, market penetration, and diversification
 - b) Overall cost leadership, differentiation, and focus

- c) Horizontal integration, vertical integration, and conglomerate diversification
- d) Market development, product development, and intensification

7. What component of a marketing plan describes the segments to be targeted and how the product or brand will be positioned?

- a) SWOT analysis
- b) Marketing objectives
- c) Financial projections
- d) Segmentation, targeting, and positioning

8. According to McDonald and Wilson (2011), which component of a marketing plan focuses on outlining the company's distribution strategy?

- a) Your customers
- b) Your competitors
- c) Your Distribution Strategy
- d) Your Promotion Strategy

9. What is the purpose of the executive summary in a marketing plan?

- a) To provide a detailed analysis of competitors
- b) To outline the company's mission statement
- c) To summarize the plan's objectives and main points
- d) To describe the company's financial performance

10. Which of the following is NOT a characteristic of a good corporate mission, as outlined in the text?

- a) Focus on a limited number of goals
- b) Stressing the company's major policies and values
- c) Providing short and complex statements
- d) Taking a long-term view of the business

ANSWERS

1. A strategic document detailing actions to achieve marketing objectives.
2. To set clear, realistic, and measurable targets
3. Setting unclear objectives
4. Corporate and division strategic planning
5. To evaluate environmental opportunities and threats
6. Overall cost leadership, differentiation, and focus
7. Segmentation, targeting, and positioning
8. Your Distribution Strategy
9. To summarize the plan's objectives and main points
10. Providing short and complex statements

3.8 Marketing Management Project

Part 2

In the previous lecture we started working on the project by identifying a company of interest and also conducted an environmental analysis und PESTEL and SWOT analysis model. In this chapter we want to develop the outline of the marketing plan for that company by considering aspects of the plan from both Kotler & Kelly (2016) and McDonald & Wilson. (2011). Once we have developed the outline, we should now incorporate environmental analysis from previous lecture and keep on building the plan as we move to other areas in the course.

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