

Pathways Plus

Strategic Management and Leadership

Level 7

Unit 7008V1

Developing a Marketing Strategy

Pathways Plus

Unit 7008V1: Developing a Marketing Strategy

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Contents

About Pathways Plus	5
Introduction	9
Section 1 Marketing planning	11
Topic 1: Strategy and marketing planning	12
1.1 Marketing and strategic objectives	12
1.2 The marketing planning process	17
1.3 A marketing audit	21
Topic 2: Components of marketing planning and risks	24
2.1 Using a SWOT analysis	24
2.2 Marketing objectives	26
2.3 Core marketing strategy	28
2.4 Managing marketing risks	31
Section summary	34
Section 2 Developing the marketing plan	35
Topic 1: Managing the marketing mix	36
1.1 An effective marketing mix	36
1.2 The 7Ps framework	38
1.3 The 4Cs framework	47
Topic 2: Managing actions and budgets	50
2.1 Action programmes	50
2.2 Managing the budget	53
2.3 Controlling the action programme	56
Section summary	60
Section 3 Agreeing and reviewing the marketing plan	61
Topic 1: Organisation and implementation	62
1.1 Marketing organisation	62

1.2	Implementing marketing plans	66
1.3	Marketing control	69
	Topic 2: Gaining agreement for the plan.....	74
2.1	Gaining support and commitment	74
2.2	Implementation strategies	77
2.3	Evaluating and reviewing the marketing plan	80
	Section summary	83
	Further reading	85
	Before you move on	86
	Preparing for assessment	86
	The Management and Leadership Standards.....	86

SAMPLE MATERIAL

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How to use the development guide

The development guides provide a critical commentary to the ideas of writers and thinkers in the management and leadership field. They offer opportunities for you to investigate and apply these ideas within your working environment and job role.

Structure

Each guide is divided into sections that together cover the knowledge and understanding required for the equivalent unit or units of the Chartered Management Institute Level 7 Strategic Management and Leadership qualifications.

Each section starts with a clear set of objectives linked to the learning outcomes of the qualification. You don't have to complete the sections in the order they appear in the guide (the mind map at the beginning of each guide will help you decide which sections and topics are of particular need or interest) but you should try to cover all sections if you are aiming for a full diploma qualification.

Activities

Throughout the guides there are activities for you to complete. These activities are designed to help you reflect on your own situation and apply your research to your organisation. Space and tables are provided within the activities for you to enter your own thoughts or findings, but in some cases you may choose to copy out the table or make notes in a separate notebook.

Timings

Timings are suggested for each activity to give you a rough idea of how long you should devote to them. They're not hard and fast, and you must decide whether you will benefit from spending longer on some activities than stated.

Supporting resources

The text of the guides is designed to provide you with an introduction to the subject and a commentary on some of the key issues, models and thinkers in the field. The activities are there to help provide a framework for your thinking. A key component of *Pathways Plus* (*Pathways Plus* because the development guides work together with the online supporting resources to provide an overall learning journey) is the list of references given throughout the text and at the end of each topic guiding you to the most appropriate supporting resources for you to explore yourself. These are marked with the symbol SR (as shown above).

You have the opportunity to select those resources that are of most interest or relevance to you and to use them as a source of guided research on a particular topic. Many of the supporting resources are immediately available by logging into CMI's online

SR

management and leadership portal, ManagementDirect (MDir) (<http://mde.managers.org.uk/members>), or where you work for an organisation that subscribes to this service use the specific link for your organisation ([http://mde.managers.org.uk/\(organisation name\)](http://mde.managers.org.uk/(organisation name))). These resources are marked in the reference list at the end of each topic with P+ standing for *Pathways Plus*. Once logged into ManagementDirect click on More.... on the navigation bar and select Senior Manager Resources, this will take you straight to the list of supporting resources as listed in the *Pathways Plus* topics. When there, click on the title of your development guide, the section and the topic you're interested in and then click straight to the article, video, checklist, extract or report that you want to find.

For those resources that are not available through the CMI site, you will be directed to other sources (some also online) to reach what you need.

Preparing for assessment

Further information on assessment is available in the Student Guide produced as part of the *Pathways Plus* series. If you have any further questions about assessment procedures, it's important that you resolve these with your tutor or centre coordinator as soon as possible.

Further reading

Suggestions for further reading and links to management information are available via ManagementDirect through the Study Support section of the Institute's website at <http://mde.managers.org.uk/members>. Alternatively, email ask@managers.org.uk or telephone 01536 207400. You will also find titles for further reading in the Bibliography at the end of this workbook.

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SAMPLE MATERIAL

Introduction

Welcome to this development guide on strategic marketing. This guide is about identifying, developing, agreeing and monitoring a marketing plan that supports strategic objectives.

It's divided into three sections:

- Section 1 looks at understanding the marketing plan, the links between strategy and marketing and the key components of a marketing plan and risks.
- Section 2 considers developing the marketing plan and focuses on the key aspects of managing the marketing mix and marketing actions and budgets.
- Section 3 focuses on agreeing and reviewing the marketing plan, taking into account the organisation, gaining agreement from the various stakeholders involved and then implementing it.

Marketing planning, according to David Jobber, consists of tackling five key questions with nine key stages.

Key questions	Stages in marketing planning	Addressed in this guide
Where are we now and how did we get here?	<ul style="list-style-type: none"> ■ Business mission ■ Marketing audit ■ SWOT analysis 	Section 1
Where are we heading?	<ul style="list-style-type: none"> ■ Marketing audit ■ SWOT analysis 	Section 1
Where would we like to be?	<ul style="list-style-type: none"> ■ Marketing objectives 	Section 1
How do we get there?	<ul style="list-style-type: none"> ■ Core strategy ■ Marketing mix decisions ■ Organisation ■ Implementation 	Section 1 Section 2 Section 3 Section 3
Are we on course?	<ul style="list-style-type: none"> ■ Control 	Section 3

Source: Jobber, D., 2001, *Principles and Practices of Marketing*, McGraw-Hill Publishing Company

These questions and stages provide a helpful framework for exploring marketing planning, in particular, strategic marketing planning, and so provide a basic structure for this development guide.

Development guide mind map



Assessment

If you're studying for the Level 7 in Strategic Management and Leadership qualifications you will be assessed by your approved centre on your knowledge and understanding of the following learning outcomes:

Unit 7008V1:

- 1 Understand how the marketing plan supports strategic objectives
- 2 Understand the construction of a marketing plan
- 3 Be able to construct a marketing plan
- 4 Understand how to promote the marketing plan in support of strategic objectives

Section 1 Marketing planning

Introduction

This section will help you understand how the marketing plan supports strategic objectives. It begins by considering the relationship between strategy and marketing planning, and then moves on to explore the components of marketing planning and the risks associated with it.

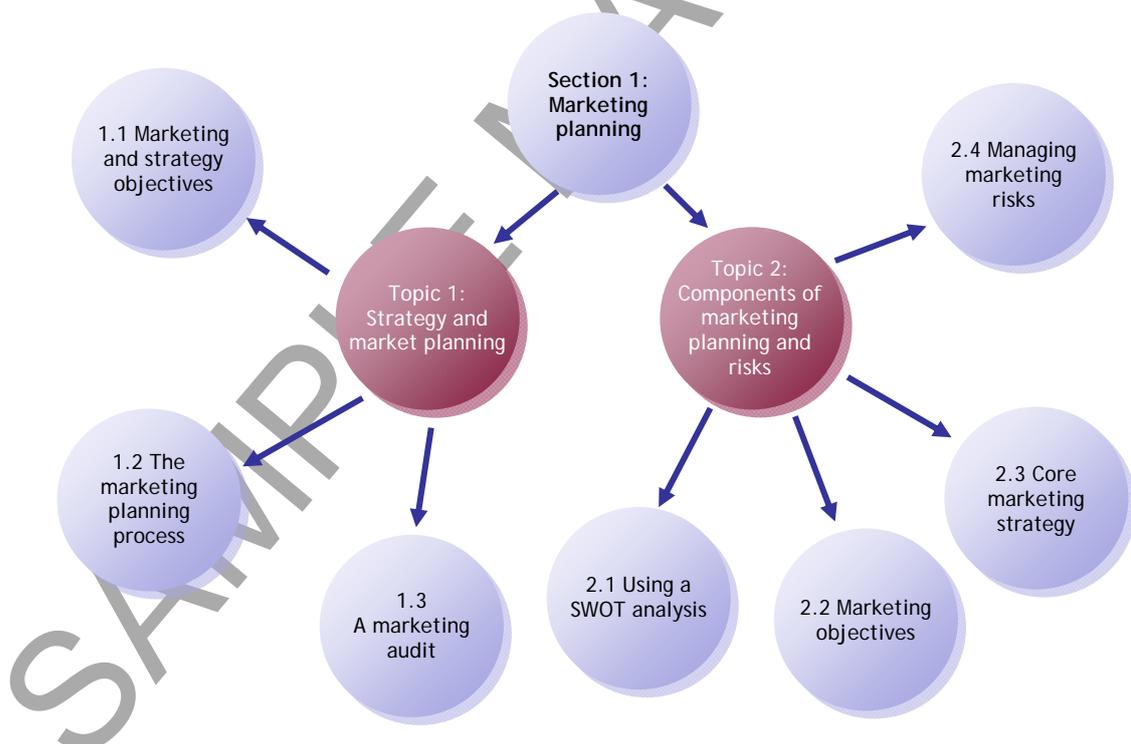
Learning outcomes

This section covers the following learning outcome:

7008V1.1 Understand how the marketing plan supports strategic objectives

Section mind map

There are two topics in this section as shown below. Check the subjects within each one and then continue with the areas you need to explore.



Topic 1: Strategy and marketing planning

Introduction

In this topic you'll consider the links between strategy and marketing planning. You'll begin with marketing and strategic objectives, looking first at a definition of marketing strategy and then at how marketing strategies are developed. You'll then look at the role of marketing in strategic planning, in particular, at a strategic windows and external analysis.

The topic then moves on to the marketing planning process. It focuses on strategy and marketing planning, key planning questions, a process for marketing planning and planning at business and product level.

The topic concludes by exploring the marketing audit, looking at both external and internal marketing audit techniques.

1.1 Marketing and strategic objectives

An organisation's marketing strategy should support its strategic objectives and strategic planning. The Chartered Institute of Marketing defines marketing strategy as follows:

The set of objectives which an organisation allocates to its marketing function in order to support the overall corporate strategy, together with the broad methods to achieve these objectives.



And Hammonds in Kotler and Keller suggests the following:

A key ingredient of the marketing management process is insightful, creative marketing strategies and plans that can guide marketing activities. Developing the right marketing strategy over time requires a blend of discipline and flexibility. Firms must stick to a strategy but must also find ways to constantly improve it.

Kotler and Keller propose that a marketing plan operates at two levels:

- Strategically: A strategic marketing plan identifies target markets and the value proposition, based on an analysis of market opportunities.
- Tactically: A tactical marketing plan drills down and defines marketing tactics, which should include:
 - product features
 - promotion
 - merchandising
 - pricing
 - sales channels
 - service.

You'll explore the tactical level in Section 2.

In today's business environment the marketing planning process receives inputs from various parts of the organisation. These plans are then implemented and outcomes monitored, and, if necessary, corrective action is undertaken. Kotler and Keller propose a helpful model for considering the planning, control and implementation cycle, as shown below.

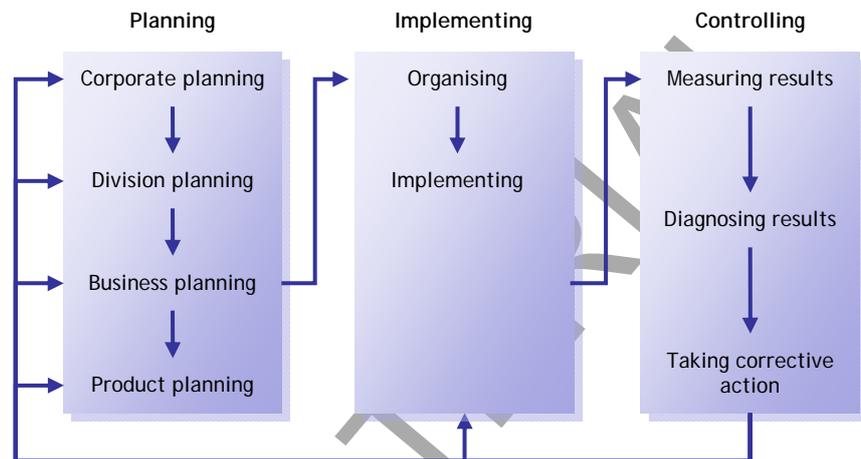


Figure 1.1a: Planning, implementing and controlling cycle
Source: Kotler and Keller (2006)

Implementing and controlling the marketing plan are considered in Section 3 of this guide. The table below sets out Kotler and Keller's discussion on the four stages of planning as outlined above.

Planning stage	Summary of activity
Corporate planning and division planning <i>(Kotler and Keller don't see any differences in approach for these two stages)</i>	This is generally covered by four planning activities: <ul style="list-style-type: none"> ■ Defining the corporate mission ■ Establishing strategic business units (SBUs) ■ Assigning resources to each SBU ■ Assessing growth opportunities
Business planning	This is seen as a six-step process consisting of the following: <ol style="list-style-type: none"> 1 Defining the business mission (in line with the broader corporate mission). 2 SWOT analysis – focused on the external environment (opportunities and threats) and an internal analysis (strengths and weaknesses). 3 Goal formulation – objectives relating to profitability, growth, market share, risk containment, innovation and reputation. 4 Strategic formulation – the plan (strategy) for achieving the goals. Kotler

	<p>and Keller suggest this could be based on Porter's definition of overall cost leadership, differentiation or a focus on specific niche segments. They also discuss strategies such as strategic alliances.</p> <p>5 Programme formulation and implementation – Kotler and Keller define these as support programmes for the strategy developed previously. They highlight that great strategies can be ruined by poor implementation. Programmes need to be costed and the needs of stakeholders taken into consideration.</p> <p>6 Feedback and control – an organisation needs to track the results of implementing the strategy and supporting programmes. The market place will change, which the organisation needs to recognise. It must have effective systems and procedures that monitor the external environment and internal capabilities.</p>
<p>Product planning</p>	<p>Kotler and Keller suggest this stage is best met by the development of a marketing plan for individual products and services, demonstrating how they will meet their objectives.</p> <p>The key components of the plan are as follows:</p> <ul style="list-style-type: none"> ■ Executive summary and table of contents – summary of main goals and recommendations, plus some navigation and directions for the reader. ■ Situation analysis – background data on the market environment. ■ Marketing strategy – defines the objectives, the target market, the positioning of the product or service, plus input on finances and human resource requirements to support implementation. It should also be specific about branding and customer strategies. ■ Financial projections – could include sales and expense forecasts and a breakeven analysis. ■ Implementation controls – outline the controls for monitoring and adjusting the plan. Internal and external measures are identified. It could include contingency plans to respond to certain external environment developments.

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The marketing concepts highlighted in the business planning and product planning stages above are explored in more detail in the next topic and also in Section 2.

The role of marketing in strategic planning



Lancaster and Massingham suggest that there's often some confusion about the relationship between marketing and strategic planning. On the one hand, there's the argument that an organisation must focus on its ability to satisfy customer needs (often a definition of the purpose of marketing). Therefore, as planning to meet those needs becomes the focus of all organisational planning, strategic and marketing planning are integrated.

The other viewpoint is that marketing is just another functional area of the business. Marketing planning is therefore about responding to higher level organisational strategies and plans.

These authors propose an alternative viewpoint. They suggest that in functional planning, for example, marketing planning is often part of a hierarchy of planning, led by strategic planning. However, markets, customers and competitors are key aspects of any organisation's strategic planning, and any marketing information should contribute to overall strategic planning. They provide the following examples of how that can work in practice.

Information on past performance	Sales and market share analysis, product life cycle analysis, profit analysis
Information on current market position	Competition analysis, major market segments, product portfolio analysis, customer satisfaction
Information on likely future trends and changes	Sales and market forecasts, new competition factors affecting likely future patterns of demand

Strategic windows and marketing planning



Tony Proctor builds on some earlier work by Abell (dating back to 1978) on the concept of 'strategic windows'. Proctor defines these as follows:

The principle idea behind the concept of a strategic window is that there are only limited periods during which the fit between the key requirements of a market and the particular competencies of a firm competing in that market is at an optimum.

He suggests that an organisation should try and match investment in a new product, service or market with the 'opening of a corresponding strategic window'. The reverse can apply, and an organisation should consider withdrawing a product or service from a market where there's no longer a good fit and the window is either closed or closing. This can often be caused by changes in the external environment which the organisation isn't able to

respond to. For example, competitors drive the price down below profitable levels. This happens frequently with supermarkets, where one organisation will 'position' a product at below cost level (say, white sliced bread) in order to grab market share and encourage shoppers to visit their stores to take advantage of this low price. In doing so, these customers then purchase the rest of their weekly shop.

This means that when you're doing your marketing planning you need to be aware of strategic windows and only by constantly scanning the external environment and the internal environment can you make effective decisions.

Proctor suggests the following as a five-point action plan:

- 1 Identify the opportunities and threats posed by the opening and closing of strategic windows.
- 2 Analyse all the relevant internal and external environmental factors acting upon the organisation in the context of the strategic windows.
- 3 Determine the best strategy or set of strategies that are likely to enable the organisation to take best advantage of the strategic window while it's open.
- 4 Ensure that adequate resources are available to implement the chosen strategies.
- 5 Implement the chosen strategy to take best advantage of the opportunities presented by the strategic window and to minimise the risks posed by the threats.

External analysis



Lancaster and Massingham relate the value of external analysis to strategic planning. They suggest that the macro-environment is changing constantly. Some changes are long term and relatively predictable, while others occur rapidly and often without warning and cause the most significant opportunities and threats to a company.

They go on to provide some examples of how such changes may affect marketing planning and decision making:

- Long-term forecasts of world oil reserves suggest major profit opportunities for the developer of alternative energy sources and major threats to those oil exploration companies that don't diversify.
- Sudden revaluations of a nation's currency can represent a significant threat to would-be exporters from that country.
- An unexpected technological breakthrough by a company can represent a significant opportunity for the developer of the technology and a significant threat to their competitors.

Activity

Activity 1.1a

1 hour

Investigate and explore how the marketing planning in your organisation relates to your overall strategic planning.

Note down the key points and any areas for improvement.

You might find it useful to prepare a short report and discuss it with a colleague or mentor. You could also present your report to decision makers in your organisation to test its validity or any opportunities for organisational development.

1.2 The marketing planning process

The marketing planning process consists of a number of key stages, the key output being the development of a coherent marketing plan that supports the organisation's strategy. There are some key planning questions that need to be answered when developing a marketing plan. It's therefore helpful to follow a systematic process that considers planning at both the business and product or service level.

The Chartered Institute of Marketing defines marketing planning as follows:

A written plan, usually in depth, describing all activities involved in achieving a particular marketing objective and their relationship to one another in both time and importance.

And a marketing plan is defined as:

The selection and scheduling of activities to support the company's chosen marketing strategy or goals.



Strategy and marketing planning

David Jobber sees marketing planning as the process by which an organisation analyses its business environment, both internal and external, and its capabilities. It then makes decisions on which marketing actions to carry out and implements those decisions.

He sees marketing planning as part of a broader process of strategic planning, where the aim of strategic planning is to shape and reshape an organisation so that it can meet its corporate objectives (say, increased profits or sales revenue growth). Marketing management has a key role in ensuring this aspect of strategic planning as it is responsible for the interface between the organisation and its environment.

Strategic planning is explored in more detail in Development Guide 7006V1/7011V1 *Reviewing organisational strategy plans and performance/Strategic Planning*.

Key planning questions

Jobber suggests that there are six key planning questions that can provide a helpful framework for integrating strategic objectives and marketing planning. These are shown in the table below, along with some guidance on how these questions may be addressed.

Where are we now?	<ul style="list-style-type: none"> ■ Factual statements ■ Value judgements ■ Success against expectations
How did we get here?	<ul style="list-style-type: none"> ■ Analysis of significant events contributing to achievements and shortcomings
Where are we heading?	<ul style="list-style-type: none"> ■ Focuses on the future ■ Assuming we carry on as before what are the likely outcomes?
Where would we like to be?	<ul style="list-style-type: none"> ■ Compares our prediction of the future with aspirations ■ Do the aspirations match the predictions? ■ If not, we may need to change organisational behaviour
How do we get there?	<ul style="list-style-type: none"> ■ Opportunity for creativity ■ Identify options ■ Decide on course of action ■ Provides us with a strategy
Are we on course?	<ul style="list-style-type: none"> ■ Periodically check our position ■ If we are on course, plan remains unchanged ■ If not, then plan needs to be modified