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How marketing planning fits in with corporate planning

- Marketing is a function of an organisation
Marketing objectives

- Company objectives
  - Production objectives
    - Product objectives
  - Finance objectives
  - Marketing objectives
    - Personal selling objectives
    - Mass selling objectives
  - Promotion objectives
    - Sales promotion objectives
  - Human resource objectives
  - R&D objectives
    - Price objectives
Strategic marketing planning process

- Mission
- Corporate Objectives
- Marketing Audit
- SWOT
- Assumptions
- Marketing objectives and Strategies
- Budget and implementation plans

PHASE 1 - Goal Setting

PHASE 2 - Situational Analysis

PHASE 3 - Strategy Formulation

PHASE 4 - Implementation
What is marketing planning?

- What is planning?
- Find attractive opportunities
- Develop profitable solutions
- Identifying opportunities and developing profitable marketing strategies

- Logical sequence of activities leading to the setting of marketing objectives and the formulation of strategies to achieve those
Why Marketing Planning?

- Develop ability to cope with turbulent environment and intense competition
- Identify sources of competitive advantage
- Providing attractive opportunities for creative ideas
- Force an organised approach
- Objectives and strategies
- To gain resources, commitment and support
- Guide to implementation and control
Strategic or tactical?

- A strategic plan covers a period beyond next fiscal year and provide a clear sense of future direction for three to five years. E.g. Best distribution channel?
- A tactical plan covers in detail the actions to be taken, by whom for a short term planning period. E.g. What geographical areas to be covered first?
<table>
<thead>
<tr>
<th>STRATEGY (doing the right things)</th>
<th>Ineffective</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient</td>
<td>DIE (quickly)</td>
<td>THRIVE</td>
</tr>
<tr>
<td>Inefficient</td>
<td>DIE (slowly)</td>
<td>SURVIVE</td>
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TACTICS (doing things right)
What are the results of not having a good marketing plan?

- LOST OPPORTUNITIES FOR PROFIT
- UNREALISTIC OBJECTIVES
- INTERFUNCTIONAL CONFLICTS
- MANAGEMENT FRUSTRATION
- WASTED PROMOTIONAL EXPENDITURE
- LOSS OF CONTROL
- GROWING VULNERABILITY TO ENVIRONMENT CHANGES
- PROLIFERATION OF PRODUCTS AND MARKETS
Marketing;

- provides a guiding philosophy
- Provides inputs to identify attractive opportunities
- Design strategies to achieve those
Mission

- Role of contribution
  - Profit
  - Product/service
  - Opportunity seeker
- Business definition - in terms of benefits
- Distinctive competences – core competencies
- Indication for future – what the firm will do, might do, never do
Defining the business

- Product definition?
- Market definition?
  - University of Moratuwa
  - Sri Lanka Railways
- A business should be viewed as a customer satisfying process not goods producing process
Corporate Objectives

- A corporate objective describes a desired destination or results
  - Most often stated in terms of profits
- Corporate Strategies define how objectives are to be achieved
  - Market share, create new image etc.
- Corporate strategies become objectives at functional/SBU level
Marketing Audit

- Where is the company now?
- An audit is a systematic, critical, unbiased review and appraisal of the environment and of the company’s operations.
- Marketing audit is part of the larger management audit
- Form of an AUDIT
  - External
  - Internal
SWOT Analysis
External Audit - Macro environment

**Political**
- Government Regulations
- Policies strategies
- Political stability

**Economical**
- GNP, GDP
- Per capita
- Disposable income
- Interest rates, inflation
- Employment

**Technological**
- Related technology advancements
- IT, digital technology
- Communication technology

**Social/Cultural**
- Culture
- Attitudes and beliefs
- Changing values, demographics

**PEST Analysis**
External Audit – Micro Environment

- The industry market
  - Total market size growth and trends
  - Market characteristics
    - Industry policies and practices
    - Products, prices, channels of distribution, communication in the market
    - Suppliers
    - new entrants
    - substitutes
    - Customers – tastes, behavior, segments
    - Competition
Competitors

- Major competitors, sizes, market share, reputation
- 4Ps of competitors
- Diversification
- Personnel issues
- International links
- Profitability
- Key strengths and weaknesses
Porter’s five force analysis

Five Forces Analysis

- Threat of new entrants
- Bargaining power of suppliers
- Competitive rivalry
- Threat of substitute products
- Bargaining power of buyers

Adapted from M.E. Porter, Competitive Strategy, Free Press, 1980.
Internal Audit

- Company information
- Sales, market share, profit margins, marketing procedures and structure
- Marketing mix - product, price, promotion, place
- Marketing objectives and strategy
- Systems - information, planning, controls
- Efficiency of systems
- Profitability and cost analysis
Internal resource, processes, practices, structure, culture of the organization

- What resources do we have at hand? (i.e. The FIVE 'M's):
  - MEN (Labor/Labour).
  - MONEY (Finances).
  - MACHINERY (Equipment).
  - MINUTES (Time).
  - MATERIALS (Factors of Production).
Strengths and weaknesses are internal factors

- **A strength could be:**
  - Your specialist marketing expertise.
  - A new, innovative product or service.
  - Location of your business.
  - Quality processes and procedures.
  - Any other aspect of your business that adds value to your product or service.
  - **A Sustainable Competitive Advantage**
Strengths and weaknesses are internal factors

- A weakness could be:
  - Lack of marketing expertise.
  - Undifferentiated products or services (i.e. in relation to your competitors).
  - Location of your business.
  - Poor quality goods or services.
  - Damaged reputation.
Opportunities and threats are external factors

- **An opportunity could be:**
  - A developing market such as the Internet.
  - Mergers, joint ventures or strategic alliances.
  - Moving into new market segments that offer improved profits.
  - A new international market.
  - A market vacated by an ineffective competitor.
Opportunities and threats are external factors

- **A threat could be:**
  - A new competitor in your home market.
  - Price wars with competitors.
  - A competitor has a new, innovative product or service.
  - Competitors have superior access to channels of distribution.
  - Taxation is introduced on your product or service.
Marketing objectives

- Marketing objectives are in the areas of products and markets

- Should be specified for the long term as well as yearly

- Can use Ansoff's matrix as a guideline

- General directions are
  - Maintain – competitive positions
  - Improve - competitive positions
  - Harvest – for short term profit
  - Exit- divest from the market which is risky
  - Enter – new business area

- Should be SMART
Some examples

- **Growth** - To increase the size of our Chinese operation from $200,000 in 2008 to $400,000 in 2012
- **Market share** - To gain 25% of the market for sports shoes by September 2008
- **Profitability** - To achieve a 20% return on capital employed in detergents market by August 2007.
Marketing Strategies

Growth Strategies

Competitive Strategies

Segmentation Targeting Positioning
MIX OF STRATEGIES ARE COMMON NOWADAYS
Market Penetration

- Existing products to our existing customers.

- Increasing revenue by, adjusting the marketing mix to increase customer satisfaction.
  - *Increase customers' rate of use* - encouraging present customer to consume more,
  - *Attract competitors' customers* - attacking competitors market share through promoting the product and price discounts,
  - *Attract current nonusers* - repositioning the brand.

- Examples???
  - Maggie soup for tea time
  - Elephant house cream soda promotion among youth
Market Development

- Existing product range in a new market.
- The product remains the same, but it is marketed to a new audience.
- Attract new market segments.
  - Geographically - Exporting the product, or marketing it in a new region.
  - Benefits sought – new benefits promoted
  - Demographic – promote adoptability to a new type of users
- Examples??????
  - McDonalds at airports
  - Johnson's baby cologne for mothers
Product Development

- New product to existing customers.
- Innovate new product offerings to replace existing ones or totally new products to satisfy present need.

Examples:
- the auto markets where existing models are updated or replaced.
- Maliban, Munchee super cream cracker
- Munchee curry puff
Diversification

- Completely new products to new customers.
- There are two types of diversification, namely:
  - Related - Remain in a market or industry with which we are familiar
    A biscuit manufacturer diversifies into cake manufacture (i.e. the food industry). Ceylon Busicuits – Tiara, Rollo, Ritzberry
  - Unrelated diversification - no previous industry or market experience.
    A biscuit manufacturer invests in the Toiletries market.
Segmentation, Targeting and Positioning

- To get a product or service to the right person or company, a marketer would firstly **segment** the market, then **target** a single segment or series of segments, and finally **position** within the segment(s).
Narrowing down to Focus on a Target Market

- Broad generic market
- Broad product market
- Specific market segment(s)

Target Segment(s)
1. Segmentation

- Segmentation is essentially the identification of subsets of buyers within a market who share similar needs and who demonstrate similar buyer behavior.

- The world is made up from billions of buyers with their own sets of needs and behavior.

- Levels of Micro marketing
  - Segment marketing -
  - Niche marketing – subset of a segment – greeting cards
  - Local marketing – to a local geographic area or to a group of people- mobile phone packages for corporate customers
  - Individualized marketing – segment of one
Bases for segmentation

- Consumer Markets
- Business Markets
Behavioral

Demographic

Consumer Markets

Psychographic

Geographic
Evaluate market segments

- Measurable
- Substantial-profitable
- Accessible
- Differentiable
- Actionable
2. Targeting

- After the market has been separated into its segments, the marketer will select a segment or series of segments and 'target' it/them.
For example, British Airway's Concorde is a high value product aimed specifically at business people and tourists willing to pay more for speed.
This is typical in 'mass marketing' or where differentiation is less important than cost. An example of this is the approach taken by budget airlines.
Differentially targeted/multi-segment approach

- This can be seen in airlines by way of different classes such as: Business, First, Economy
3. Positioning

- Positioning is all about 'perception'.
- Products or services are 'mapped' together on a 'positioning map'.
- This allows them to be compared and contrasted in relation to each other.
- Marketers decide upon a competitive position which enables them to distinguish their own products from the offerings of their competition.
Unique selling propositions

- A creative and attractive reason why the target customers should buy the product
- Example -
Positioning Maps

![Positioning Map Diagram](image.png)
Positioning Maps

- How many ideas to promote? Benefits?
  - Best quality, service, styling, value,
  - Lowest price, Economy
  - Safest
  - Fastest
  - Most customized
  - Reliable
  - Convenience
  - Prestige, luxury

- Any dimension selected should make your brand number one in that selected dimension
Overall competitive strategies

- Having identified the target segments the company needs to determine how to compete in the market
- This is linked with positioning a brand as well
- Develop the competitive advantage
- For this we follows Michael Porter’s Generic Strategies.
Generic Strategies - Michael Porter

Porter's Generic Strategies

Integrated low cost differentiation
Cost Leadership

- Produce at the lowest cost.
- Products tend to be 'no frills.'
- Low cost does not always lead to low price.
- Producers could price at competitive parity, exploiting the benefits of a bigger margin than competitors.
- Some organizations, such as Toyota, are very good not only at producing high quality autos at a low price, but have the brand and marketing skills to use a premium pricing policy.
Differentiation

- Desensitize prices and focus on value that generates a comparatively higher price and a better margin.

- The benefits of differentiation require producers to segment markets in order to target goods and services at specific segments.

- Chance of differentiation be copied by competitors.

- Therefore innovate continuously to improve.
Focus or Niche strategy

- The focus strategy is also known as a 'niche' strategy
- A company could use either a cost focus or a differentiation focus.
Use of generic strategies

- Generic competitive strategies are business level decisions

- The use of mixed strategies are quite common these days

- When it comes to marketing differentiation plays a vital role in creating a unique identity for the company’s offerings from that of competitors.
# Marketing Mix strategies

<table>
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<tr>
<th>Shaping Market Offerings</th>
<th>Delivering the Offerings</th>
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Implementation- Tactical planning

- The budget
- Implementation plans at phase level
- Time tables
- Staffing – sales force management
- Control mechanisms
  - Sales analysis
  - Market share analysis
  - Profitability analysis
  - Strategic control
  - Customer tracking