

# **Student Workbook**

## **BSBMKG609A Develop a marketing plan**

---

1<sup>st</sup> Edition 2011

## Copyright and Trade Mark Statement

© 2011 Innovation and Business Industry Skills Council Ltd

All rights reserved. Apart from any use permitted under the Copyright Act 1968, no part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, or otherwise, without written permission from the publisher, Innovation and Business Industry Skills Council Ltd ('IBSA').

Use of this work for purposes other than those indicated above, requires the prior written permission of IBSA. Requests should be addressed to the Product Development Manager, IBSA, Level 11, 176 Wellington Pde, East Melbourne VIC 3002 or email [sales@ibsa.org.au](mailto:sales@ibsa.org.au).

'Innovation and Business Skills Australia', 'IBSA' and the IBSA logo are trademarks of IBSA.

## Disclaimer

Care has been taken in the preparation of the material in this document, but, to the extent permitted by law, IBSA and the original developer do not warrant that any licensing or registration requirements specified in this document are either complete or up-to-date for your State or Territory or that the information contained in this document is error-free or fit for any particular purpose. To the extent permitted by law, IBSA and the original developer do not accept any liability for any damage or loss (including loss of profits, loss of revenue, indirect and consequential loss) incurred by any person as a result of relying on the information contained in this document.

The information is provided on the basis that all persons accessing the information contained in this document undertake responsibility for assessing the relevance and accuracy of its content. If this information appears online, no responsibility is taken for any information or services which may appear on any linked websites, or other linked information sources, that are not controlled by IBSA. Use of versions of this document made available online or in other electronic formats is subject to the applicable terms of use.

To the extent permitted by law, all implied terms are excluded from the arrangement under which this document is purchased from IBSA, and, if any term or condition that cannot lawfully be excluded is implied by law into, or deemed to apply to, that arrangement, then the liability of IBSA, and the purchaser's sole remedy, for a breach of the term or condition is limited, at IBSA's option, to any one of the following, as applicable:

- (a) If the breach relates to goods: (i) repairing; (ii) replacing; or (iii) paying the cost of repairing or replacing, the goods; or
- (b) If the breach relates to services: (i) re-supplying; or (ii) paying the cost of re-supplying, the services.

Published by: Innovation and Business Industry Skills Council Ltd  
Level 11  
176 Wellington Pde  
East Melbourne VIC 3002  
Phone: +61 3 9815 7000  
Fax: +61 3 9815 7001  
Email: [reception@ibsa.org.au](mailto:reception@ibsa.org.au)  
[www.ibsa.org.au](http://www.ibsa.org.au)

First published: July 2011

1<sup>st</sup> edition version: 1

Release date: July 2011

Printed by: Fineline Printing  
130 Browns Road  
Noble Park VIC 3174

ISBN: 978-1-921439-65-0

Stock code: BSBMKG609A1CL

## Table of contents

---

Introduction .....	1
Features of the training program .....	1
Structure of the training program .....	1
Recommended reading .....	1
Section 1 – Marketing Principles and Marketing Plan Development .....	2
What skills will you need? .....	2
The principles of marketing.....	3
Managing marketing.....	5
Competitive advantage.....	6
Format of the marketing plan .....	7
Set marketing objectives.....	9
Identify marketing opportunities.....	10
Create competitive advantage.....	14
Analyse marketing opportunities .....	18
Section summary .....	28
Further reading .....	28
Section checklist.....	28
Section 2 – Marketing Strategies and Tactics .....	29
What skills will you need? .....	29
Legal and ethical requirements .....	29
Marketing mix strategies.....	39
Legal environment and the marketing mix .....	48
Competitive strategies.....	50
Plan implementation tactics .....	53
Develop and measure marketing performance.....	59
Budget for marketing activities.....	69
Section summary .....	71
Further reading .....	71
Section checklist.....	71
Section 3 – Elements of a Marketing Plan .....	72
What skills will you need? .....	72
The marketing plan.....	72
Executive Summary .....	73
Situation analysis.....	74
Marketing strategy.....	76
Financials, budgets and forecasts.....	81
Marketing implementation and control.....	83

Section summary .....	85
Further reading .....	85
Section checklist.....	85
Section 4 – Preparing and Presenting a Marketing Plan .....	86
What skills will you need? .....	86
Write the marketing plan.....	86
Present the marketing plan.....	89
Stakeholder engagement.....	90
Revise the plan .....	94
Section summary .....	97
Further reading .....	97
Section checklist.....	98
Glossary .....	99
Appendix .....	101
Appendix 1: Marketing plan – Zelda’s Espresso .....	101

# Introduction

## Features of the training program

---

The key features of this program are:

- Student Workbook – Self-paced learning activities to help you to develop an understanding of key concepts and terms. The Student Workbook is broken down into several sections.
- Facilitator-led sessions – Challenging and interesting learning activities that can be completed in the classroom or by distance learning that will help you consolidate and apply what you have learned in the Student Workbook.
- Assessment tasks – Summative assessments where you can apply your new skills and knowledge to solve authentic workplace tasks and problems.

## Structure of the training program

---

This training program introduces you developing a marketing plan for your organisation. Specifically, you will develop the skills and knowledge in the following topic areas:

1. Marketing principles and marketing plan development.
2. Marketing strategies and tactics.
3. Elements of a marketing plan
4. Preparing and presenting a marketing plan.

Your facilitator may choose to combine or split sessions. For example, in some cases, this training program may be delivered in two or three sessions, or in others, as many as eight sessions.

## Recommended reading

---

Some recommended reading for this unit includes:

- Elliot, G., Rundle-Thiele, S., Waller, D., Paladino, A., and Pride, W., 2007, *Marketing: Core concepts and applications*, 2nd Asia-Pacific edn, John Wiley and Sons, Sydney.
- Fletcher, R. and Brown, L., 2008, *International marketing: An Asia-Pacific perspective*, 4th edn, Pearson Education, NSW.
- Kotler, P., 1999, *Kotler on marketing*, The Free Press, New York.
- Silk, A., 2006, *What is marketing?*, Harvard Business School Publishing Corporation, Boston.

# Section 1 – Marketing Principles and Marketing Plan Development

This section introduces basic marketing principles to provide you with the knowledge required to create a marketing plan for your organisation. It reviews the main aspects of marketing and helps you determine a format for your marketing plan. It will also assist you in reviewing your marketing objectives and evaluating marketing opportunities.

## Scenario: Marketing 101

Zelda's Espresso is a cafe that has been operating in Clayfield, Brisbane for the past three years. During this time the company has grown in reputation and has established its place as a leading cafe in the area.

As the marketing manager of Zelda's Espresso, Laila is responsible for helping the director to develop the new marketing plan. Laila will need to ensure that the company's marketing activities are aligned with its strategic objectives. She will need to:

- understand the principles that underpin the marketing function
- have the skills to identify marketing opportunities available to the organisation
- analyse whether these opportunities fit with organisational objectives, goals and resources.

## What skills will you need?

In order to develop a marketing plan, you must be able to:

- ☒ review marketing principles
- ☒ determine the format of the marketing plan
- ☒ review marketing objectives
- ☒ identify marketing opportunities
- ☒ analyse marketing opportunities.

## The principles of marketing

There are several principles and concepts that underpin the marketing function and determine the marketing efforts of an organisation.

*Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational goals.<sup>1</sup>*

### The marketing process

The goal of marketing for any company is to find a way of discovering unfulfilled customer needs and introduce products to the market that satisfy those needs. This is achieved by following a sequence of steps. The marketing process involves four key stages as outlined below. As a marketing manager you must successfully oversee and move your organisation and marketing team through each of the following stages:

1. **Conduct a situation analysis** – Analyse the market to identify existing and emerging opportunities for your products.
2. **Develop the marketing strategy** – Formulate a strategy to segment and target specific markets and position products accordingly.
3. **Determine the marketing mix** – Devise a marketing mix that addresses the target market, the timing of marketing activities, product pricing and promotional activities.
4. **Implement, monitor and review marketing activities** – Implement, monitor and review the marketing plan.

### 1. Situation analysis

The main function of a situation analysis in a marketing plan is to illustrate what is occurring in the market that the business competes in as well as the business' product and distribution trends. The situation analysis is ideally conducted and written to identify the external impacts on your business (macro-environment) and work from there down to market descriptions, your competitors, target market, product trends and the distribution channels of your business (micro-environment).

The situation analysis will be covered in more detail later in the workbook.

### 2. Marketing strategy

After examining the objectives of your organisation as well as identifying the suitable marketing opportunities to satisfy unfulfilled customer needs, a strategic plan for pursuing the opportunity needs to be developed. Market research will provide specific market information and help your company to select the target market segment. The

<sup>1</sup> Burton, S., Keller, K., Kotler, P., 2009, *Marketing management*, Pearson Prentice Hall, NSW.

situation analysis also provides relevant information to help your organisation make informed choices about the marketing strategy.

The marketing strategy then involves:

- segmentation (dividing the market into specified segments)
- targeting (focusing on specific market segments)
- positioning (altering the market mix to suit target market).

Marketing strategies will be discussed in further detail throughout this Student Workbook.

**Learning activity: Ready, set, go!**

Examine Zelda's Espresso marketing plan in the Appendix and comment on the market being targeted, how the market has been segmented, and the strategy for positioning the products in the market.

### 3. Marketing mix

The marketing mix is the combination of product, price, placement and promotion involved in your marketing strategy. You cannot always control the external environmental factors occurring in the marketplace, but you can control how you adjust your marketing mix in response to these factors. When you have a market strategy then you can make tactical decisions for the parameters of the marketing mix. Responses to external factors include:

- product development – specifying, designing and producing the product
- pricing decisions
- distribution channels and contracts
- promotional campaign development.



## 4. Implement, monitor and review

At this point, your marketing plan has been developed and your product has been launched. As the market changes, the marketing mix can be adjusted to accommodate the changes. Those changes can be subtle or significant. A subtle change might be in pricing or advertising. A more significant change may warrant a product redesign or the introduction of an entirely new product. Very few environments remain static, so the results of the marketing effort should be monitored closely. The marketing process does not end with implementation; continual monitoring and adaptation of the product is needed to consistently fulfil customer needs.

(we will examine this further in the following sections of the workbook)

## Managing marketing

---

There are four perspectives on marketing that can be adopted when looking at the affect of marketing activities on an organisation:

- product orientation
- sales orientation
- market orientation
- societal marketing orientation.

### Product orientation

A product-oriented organisation will build its marketing strategy around its product and the internal resources required to produce and market it. This philosophy focuses on the strengths of the organisation and its individual products. The weakness of this philosophy, however, is that it does not consider the needs of the market in determining what goods or services are in need.

### Sales orientation

A sales-oriented organisation believes that aggressive sales activity fuels the demand for goods and services. The focus of the marketing plan in sales oriented organisations is on selling products and collecting money. The problem with this philosophy, as with production orientation, is that it does not consider what is needed or wanted by the market.

### Market orientation

Market-oriented organisations are characterised by the desire to satisfy the wants and needs of the marketplace. Their marketing plans attempt to determine what motivates particular market segments to purchase a product. Products are developed and market to meet these existing or emerging needs.

### Societal orientation

A societal-orientated organisation focuses the attention of a marketing campaign on the broader interests of society. Organisations that follow this philosophy have a sense of social responsibility which shapes the products that are developed and the way they are marketed.

## Competitive advantage

There is competition in any marketplace and all organisations need to develop marketing plans that position their products advantageously amongst their key competitors.

Developing competitive advantage involves focusing on:

- value for money
- customer satisfaction
- market relationships.

### Value for money

Customers determine value for money by measuring the benefits of a product against its cost. Weighing up the benefits of a product against its cost is a process that all consumers undertake for all products. Organisations who get this balance right find themselves a niche within the market and build competitive advantage. Achieving 'value for money' is not always about offering the cheapest product or service because often times consumers will choose to pay higher prices for a higher quality product. Value for money involves providing consumers with a product that matches the prices they are paying for it. High quality products will obviously have prices attached that are reflective of their quality. Similarly, products that are aimed at the budget market need to make sure that quality is not compromised to the point that nobody sees the benefit of the product.

Customisation, availability and delivery of product and the service experience must also be considered.

To create value for money in the mind of the consumer, you must:

- produce authentic products that perform to customer expectations
- be realistic with your prices and the characteristics of your target market
- know what you're talking about and give the buyer the information they need
- be committed to post-sale service and support.

### Customer satisfaction

Customer satisfaction is important to organisations across the board, although some organisations, such as banks and service providers, place a stronger focus on customer retention than others. Successful organisations build a culture that is focused on creating a satisfying experience for customers. This does not mean that organisations lose sight of their organisational aim to generate profit, but their means of making money has evolved to meet the needs of their customer base. Customers who have positive experiences with organisations are not only more likely to remain loyal to that organisation, but encourage others to do the same.

### Market relationships

Organisations that build strong relationships with customers are rewarded with repeat sales and referrals. Although the value of clearly identifying your target market cannot be overstated, it is also important to understand that each customer is different and needs to feel that the products and services they are receiving meet their individual needs.

## Format of the marketing plan

A marketing plan is a document that outlines the strategic marketing objectives of an organisation and explains all the activities necessary to implement marketing strategies. A marketing plan lays out the steps that need to be taken at an organisational level to achieve the business' aims, including the distribution of tasks and the allocation of resources. A marketing manager should be constantly aware of the objectives stated in the marketing plan, and direct marketing efforts toward the achievement of these goals.

There are different ways you can put a marketing plan together. One possible structure is shown below.

<b>Executive summary</b>	An overview of all essential elements of the plan.
<b>Situation analysis</b>	An analysis of the about the market environment and marketing context – often includes SWOT or PEST analysis (Assessment of the business' strengths, weaknesses, opportunities and threats)  Also includes the desired outcomes of the marketing campaign as defined in the mission statement
<b>Marketing objectives</b>	The desired outcomes of the marketing campaign as defined in the mission statement.
<b>Marketing strategies</b>	The methods selected to achieve marketing goals and justification for what, who, when, where and why.
<b>Financials, budgets and forecasts</b>	This section will offer a financial overview of the company in areas that affect marketing activities. We have conducted a break-even analysis, sales forecasts and expense forecasts in order to evaluate how the results influence the marketing strategy.
<b>Marketing implementation and control</b>	Implementation guidelines, timeframes, tasks, responsibilities and monitoring

As the marketing manager, you must ensure that the marketing efforts of the organisation are directed towards achieving the objectives outlined in the marketing plan. The marketing plan should become your point of reference throughout the marketing management process.

- \* Please Note: The elements of a marketing planning will be examined in greater detail in Section 3.

**Learning activity: Marketing plan**

Visit the site listed below and choose two examples of marketing plans.

- PaloAltoSoftware Inc. 'Sample marketing plans',  
<[http://www.mplans.com/sample\\_marketing\\_plans.php](http://www.mplans.com/sample_marketing_plans.php)>.

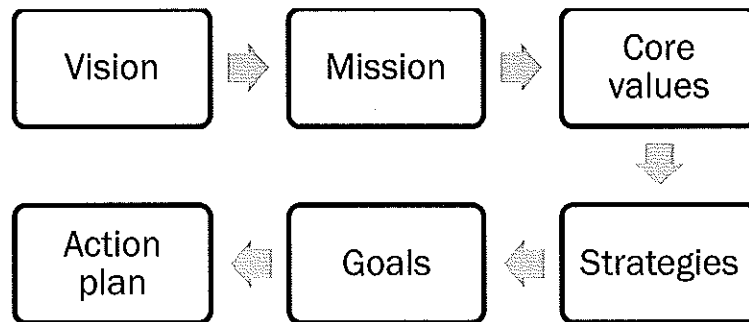
Compare them to the format above and note the similarities and differences.

Are there key components in the samples you found that are not represented in the marketing plan example provided on the previous page?

Why do you think they have been included?

## Set marketing objectives

As the marketing manager, you must be able to define the strategic direction of the organisation, articulated in the mission statement. Marketing objectives must always reflect the overall strategic direction as set out in the organisational vision, mission, core values, strategies and goals.



The mission, vision and values of an organisation are generally defined and recorded in a range of documents. These are important sources of information for the marketing manager when determining what the marketing department needs to achieve.

### Strategic plan

The strategic planning process establishes the overall direction of the organisation, determining the vision, mission, values, goals and objectives of the organisation. These are all documented in the strategic plan.

### Marketing plan

Planning marketing activities should be informed by the strategic plan of your organisation. The marketing plan is how you intend to successfully market your brand, product, service or company. Marketing planning is the process of assessing opportunities, evaluating current resources, determining objectives, defining strategies and establishing guidelines for the implementation and control of the marketing program. The outcome of marketing planning is the development of a marketing plan.

### Annual report

The organisation's annual report is a comprehensive document detailing the organisation's financial performance and activities for the year. The content of this report may include input from the marketing manager and chief financial officer.

### Customer service charter

A customer service charter is a published document aimed at informing both staff and customers of the services/products available and the objectives of the organisation. This sets the level of customer expectation that needs to be met by the organisation. Charters can contain information that ranges from the very general (such as a broad philosophy) to the very specific (such as the number of times a phone should ring before it is answered).

## Policies and procedures

Policies and procedures document how organisations function. They exist to provide a common way of approaching routine tasks and to ensure the organisation complies with its legal and ethical obligations.

As the marketing manager, you must be aware of the policies that affect you and ensure that your team abide by them.

Once an organisation has identified and evaluated its opportunities, it can begin to establish goals and objectives. A marketing objective is a statement of what needs to be achieved through marketing activities. These objectives should be based on careful study using tools such as SWOT analyses, where the strengths of the organisation are matched and aligned with the opportunities identified.

## Confirmation with key stakeholders

There are a number of different people in an organisation who will be interested in, or affected by, the marketing objectives you establish, so it is important that you involve them in the process of developing objectives.

These key stakeholders include:

- the chief executive officer
- the board of directors
- departmental managers
- staff.

Involving the key stakeholders in setting your marketing objectives will ensure they take ownership of the objectives and support the achievement of them once they are in place. Key stakeholders may assist you in the process by:

- providing valuable feedback on the current status of the organisation
- confirming the mission, vision and values
- assisting with research and analysis of opportunities
- analysing the external and internal factors
- implementing of the objectives.

## Identify marketing opportunities

*A marketing opportunity is an area of buyer need and interest in which there is a high probability that a company can perform profitably by satisfying that need.<sup>2</sup>*

<sup>2</sup> Kotler, P., 1999, *Kotler on marketing*, The Free Press, New York.

## Ansoff's product-market growth matrix

When your organisation is developing its marketing objectives, it needs to analyse new and existing marketing opportunities and assess how they will contribute to the growth of your business.

Igor Ansoff published an article in 1957 in the *Harvard Business Review* called 'Strategies for diversification' which outlined four strategies which would help organisations determine their course of action with regards to marketing opportunities. The strategies were encapsulated in a tool called the Ansoff product-market growth matrix. It still serves today as one of the most popular tools used by companies.

The matrix enables organisations to investigate ways to increase growth using existing or new products, in an existing or new market. The tool outlines four product/market combinations. This matrix uses the current performance of products and services to help companies decide what action should be taken.<sup>3</sup>

	Existing products	New products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification

As you can see from the table above, the Ansoff product/market matrix produces a series of suggested growth strategies that direct the business strategy. These strategies are described below.

### Market penetration

Market penetration is where the business sells existing products into existing markets.

The organisation focuses on markets and products it knows well. The organisation should have good information on their competitors and on their customers' needs. Risk factors are low and the strategy does not require investment in new market research.

Market penetration aims to achieve four main objectives.

1. To maintain or increase market share for current products through competitive pricing, advertising, sales promotion, etc.
2. To secure dominance in growth markets.
3. To drive out competitors through effective marketing activity and pricing strategies.
4. To increase existing customer patronage through loyalty schemes, etc.

<sup>3</sup> Ansoff, I., 1957, 'Strategies for Diversification', *Harvard Business Review*, Vol. 35, No. 5, pp.113–124.

## Market development

Market development is an expansion strategy where an organisation seeks to sell their existing products in new markets.

By using this strategy the product remains the same, but it is marketed to a new demographic. For example, Lucozade (the energy drink) was first marketed as a supplement for sick children and later rebranded to target athletes. There are various ways that an organisation can approach market development, such as:

1. Set up new geographical markets e.g. export the product to a new region.
2. Design and create new product packaging.
3. Establish new distribution channels.
4. Implement new pricing strategies to appeal to new market segments.

As mentioned above, an established product in the marketplace can be altered or targeted to a different customer segment, as a strategy to increase profits for the organisation. The market may not be new itself, but the market is new to the company.

## Product development

Product development is a growth strategy where a business aims to introduce a new product into an existing market.

This strategy may require the development of innovative products which can appeal to these existing markets. The organisation may develop new products to replace existing ones. Such products are then marketed to an existing customer base. A perfect example of this is the car industry; where existing models are updated or replaced and then marketed to the current customers or previous buyers.

Frequently, when an organisation creates new products, it can gain new customers for these products. Hence, new product development can be a crucial business development strategy for companies to remain competitive.

## Diversification

Diversification is the growth strategy where businesses develop new products in new markets.

This strategy has the highest degree of risk because an organisation could be entering markets in which it has little or no experience. Before an organisation chooses a diversification strategy, senior leaders must articulate what they expect to gain from this strategy and assess the risks thoroughly.

There are two types of diversification – related and unrelated. Related diversification involves an organisation remaining in a market or industry with which they are familiar. For example, if a restaurateur diversifies into mobile catering service, they have remained in the food industry. Unrelated diversification is where an organisation diversifies into an industry in which they have little previous industry or marketing experience. For example, if a restaurateur enters into a clothing retail business. A perfect example of diversification



is Richard Branson's Virgin Records which diversified into Virgin Airways, Virgin Megastores, and Virgin Mobile, etc.<sup>4</sup>

## Forms and means of diversification

Diversification typically takes one of three forms.

1. Vertical integration – along your value chain.
2. Horizontal diversification – moving into new industry.
3. Geographical diversification – open up new markets.

Means of achieving diversification include internal development, acquisitions, strategic alliances, and joint ventures. As each route has its own set of issues, benefits, and limitations, various forms and means of diversification can be mixed and matched to create a range of options.

### Learning activity: Ansoff diagram for products in decline

When a company recognises that a product has gone into decline or is not performing as well as it should, it has to decide what to do. The decision needs to be made within the context of the overall aims of the business.

Choose a product that has entered the 'decline' stage of its life cycle. Some examples of such products could include Tab (Coca-Cola's original diet soft drink), Polaroid cameras, rental DVDs, etc. Set out an Ansoff diagram and determine whether the organisation should take a product development, product diversification, market penetration or market development approach with the product in decline.

For an example of this activity, you can look at the Kellogg's case study 'Extending the product life cycle' at <http://www.thetimes100.co.uk/case-study-extending-the-product-life-cycle-6-301-3.php#ixzz1N7xxCK9K>.

## Capitalising on core competencies

A company's core competencies are everything that the company does better than its competitors. Competencies can be products or markets and can extend beyond those which were originally developed. Such extensions provide excellent opportunities for diversification.

A core competency that has the following characteristics represents a viable option for an organisation to create or strengthen a strategic business unit:

1. The core competency results in a competitive advantage for the organisation.
2. The competency should be hard for your competitors to copy.
3. Your new business must have enough resemblance to your existing businesses to gain a benefit from your organisation's core competencies.<sup>5</sup>

<sup>4</sup> Ansoff, I., 1957, 'Strategies for Diversification', *Harvard Business Review*, Vol. 35, No. 5, pp.113–124.

<sup>5</sup> Scribd, 'Strategic Management', viewed June 2011,

**Learning activity: Marketing objectives**

Read the marketing plan for Starbucks in 2006 at the link below and list their marketing objectives.

- Tewell, K., Odom, B., and Snider, K., 2006, 'Starbucks Marketing Plan', available online, viewed July 2011, <<http://www.franklincollege.edu/pwp/BOdom/SampleWorkStarbucks.pdf>>.

## Create competitive advantage

### Five forces analysis

A five forces analysis helps a business to analyse the competitive environment. It is an important tool, developed by Michael Porter, for assessing the potential for profitability in an industry. It tends to focus on the single, stand-alone business unit rather than a single product or range of products. It also builds an awareness of the competition that exists within a market. Five forces analyses look at the following key areas:

- the threat of entry of new competitors
- the power of buyers
- the power of suppliers
- the threat of substitutes
- competitive rivalry.

<<http://www.scribd.com/doc/35942750/Strategic-Management1-m>>.

### **The threat of entry of new competitors**

Competitors may pose a threat if they have access to a greater pool of resources (funding, infrastructure, etc.) than your organisation. Alternatively, you may be operating in a market that is accessible to competitors of any size because set-up costs and risks are low. These are risky markets, as they are vulnerable to penetration from outside organisations.

Organisations seek to operate in markets that are as prohibitive for other organisations as possible or find a niche operation (requiring specialised knowledge/resources) that is difficult to replicate. The time, cost and effort (barriers) involved for others to enter the market which you dominate, can prevent others from considering your market as an opportunity.

If there is a large amount of specialist or technical knowledge that is difficult to obtain or replicate, then your organisation has a competitive advantage. Often companies hold patents on the technology they are using or trademarks on various aspects of branding and marketing.

There are certain advantages in being the incumbent operator in a market that outside organisations are trying to enter. These can include brand awareness, consumer loyalty, supplier loyalty, low tariffs, etc.

### **The power of buyers**

Customer demand will largely dictate whether or not your organisation succeeds in a market. Proactive organisations will respond to changes in market demand and may even shift focus to different geographical areas or demographics if their target market evolves with time. If a market segment is left unfulfilled, then outside organisations are liable to seize the emerging market opportunity.

There are many factors that consumers consider when assessing brands and products including price, access, customer service, the cost of switching service providers, etc. Organisations must pre-empt these considerations and develop products that are sensitive to customer needs. If your organisation fails to adequately respond to consumer demand, customers will have no qualms in substituting your brand with a competitor's.

### **The power of suppliers**

Suppliers significantly influence the ease with which new operators can enter the market. If there are few suppliers within your market and you have exclusive agreements with them or if they have limited supply, then competitors may struggle to access the necessary materials or infrastructure to set up operations.

If you do not have exclusive agreements with your suppliers and they are targeted by your competitors, your supplier may well drive up prices as demand increases. Alternatively, if there are many sources of supply within your market, prices may drop significantly to reflect the competition in the supply chain.

### **The threat of substitutes**

If outside organisations are able to replicate your product, service or performance in the market, then your customer base has alternative products to choose from. Direct competition from substitutes will broaden the market and increase competition. This can result in tighter profit margins and loss of market share.

If substitutes do enter the market, your organisation will have to find ways to retain their market share. This can be done through competitive pricing strategies, strategic marketing campaigns, improved product positioning and market segmentation. If your organisation is established in the market, then you have a significant advantage because customers are often reluctant to switch brands. This reluctance is often called buyer inertia and is associated with the time, cost and effort involved in switching brands.

### Competitive rivalry

As the similarity between your products and your competitors' products increases, so does the competitive rivalry in the marketplace. Although competitive rivalry can be advantageous for consumers because it increases choice and often decreases price, it can make it difficult for organisations to stand out in the field. Product differentiation is at the heart of all marketing activity and is a constant struggle for organisations in a competitive marketplace.

#### Learning activity: Five forces analysis

Consider your current workplace, a past workplace or an organisation you are familiar with. Rank the influence of each of the five forces described above on the organisation you have selected. Provide brief explanations of each force's influence.

Force	Rank	Description
The threat of entry		
The power of buyers		
The power of suppliers		
The threat of substitutes		
Competitive rivalry		

## Analysing your competitors

There are many practical ways your organisation can gain information about its competitors. The following is a list of suggestions:

<b>Talk to your customers and your competitors' customers</b>	This can be done through consultants or directly by members of your organisation. Customers are usually willing to compare products and brands, and share their opinions. This process could be commissioned to a market research consultant.
<b>Visit your competitor's premises</b>	Enquire about competitor's products and ask for quotes. It's a good opportunity to evaluate their product and pricing strategies, not to replicate them, but in order to assist you in developing points of difference. Acquire copies of their advertising and product brochures for comparison.
<b>Purchase competitor products and services</b>	This will provide you with insight into competitor processes, e.g. negotiating, ordering products, customer service, packaging, delivery, after-sales service and customer satisfaction feedback.
<b>Reverse engineering</b>	Involves purchasing a competitor's product, disassembling it, analysing its components, understanding what it offers and observing its faults and limitations. It will provide you with insight into the design, manufacturing process, packaging and marketing of competitor's products.
<b>Talk to people employed in the industry</b>	This is especially important at conferences, seminars and expos. Industry consultants may be willing to provide you with information about products, innovations and developments. Consider employing someone who has worked with your competitors and has an intimate understanding of their weaknesses and strengths.

### Learning activity: Competitive advantage

Review the marketing plan for Zelda's Espresso in Appendix 1, and describe:

- one of Zelda's Espresso's competitive advantages
- one sector where Zelda's Espresso is least active.

## Analyse marketing opportunities

Analysis of the marketing environment involves not only an assessment of the opportunities but also identification of resources; both human and financial. These opportunities must be translated into organisational goals and marketing objectives.


Any marketing planning effort must assess the organisation's capabilities to see if the marketing opportunity is viable. When you can match your strengths and core competencies with the opportunities you have discovered then you have a competitive advantage.



There are many tools that can assist you with analysing the market opportunities you have identified. These tools will help you evaluate the risks involved, identify your strengths and weaknesses, and assess the gaps between your current capabilities and the marketing objective.

### SWOT analysis

Gaining awareness of the organisation's strengths, weaknesses, opportunities and threats by performing a SWOT analysis can be very useful. It can ensure the marketing efforts play to the organisation's strengths, minimise or convert weaknesses, make use of opportunities and convert or avoid risk.

Below is a comprehensive list of factors to consider when conducting a SWOT analysis of your products and services.

 <b>Strengths</b>	<ul style="list-style-type: none"><li>• capabilities</li><li>• competitive advantages</li><li>• unique selling points</li><li>• resources, assets and people</li><li>• experience, knowledge and data</li><li>• financial reserves and likely returns</li><li>• marketing reach, distribution and brand awareness</li><li>• innovation</li><li>• geographical location</li><li>• price, value and quality</li><li>• accreditations, qualifications and certifications</li><li>• processes, systems, IT and communications</li><li>• cultural, attitudinal and behavioural</li><li>• management cover and succession plan</li><li>• philosophy and values.</li></ul>
---	---

 <b>Weaknesses</b>	<ul style="list-style-type: none"><li>• disadvantages of proposition</li><li>• gaps in capabilities</li><li>• lack of competitive strength</li><li>• limited reputation, presence and reach</li><li>• financial constraints</li><li>• known vulnerabilities</li><li>• timescales, deadlines and pressures</li><li>• low cash flow</li><li>• lack of continuity and supply chain robustness</li><li>• distraction from core activities</li><li>• unreliability of data or unpredicted results</li><li>• low morale, commitment or leadership</li><li>• lack of accreditations</li><li>• insufficient processes and systems</li><li>• lack of management cover or succession plan.</li></ul>
 <b>Opportunities</b>	<ul style="list-style-type: none"><li>• market developments</li><li>• competitors' vulnerabilities</li><li>• industry or lifestyle trends</li><li>• technology development and innovation</li><li>• global influences</li><li>• new markets (vertical and horizontal)</li><li>• niche target markets</li><li>• geographical location of core or peripheral activities</li><li>• new unique selling points</li><li>• market tactics, e.g. element of surprise, major contracts</li><li>• business and product development</li><li>• information and research</li><li>• partnerships, agencies and distribution</li><li>• volumes, production and economies</li><li>• seasonal trends</li><li>• economic climate.</li></ul>

 <p>Threats</p>	<ul style="list-style-type: none"> <li>• political instability</li> <li>• new legislation</li> <li>• environmental effects</li> <li>• technological developments</li> <li>• various competitor intentions</li> <li>• market demand</li> <li>• unsustainable internal capabilities</li> <li>• insurmountable weaknesses</li> <li>• loss of key staff</li> <li>• unstable financial backing</li> <li>• uncertain economic climates (home and abroad)</li> <li>• seasonality (seasonal trends, weather, etc.).</li> </ul>
--	--

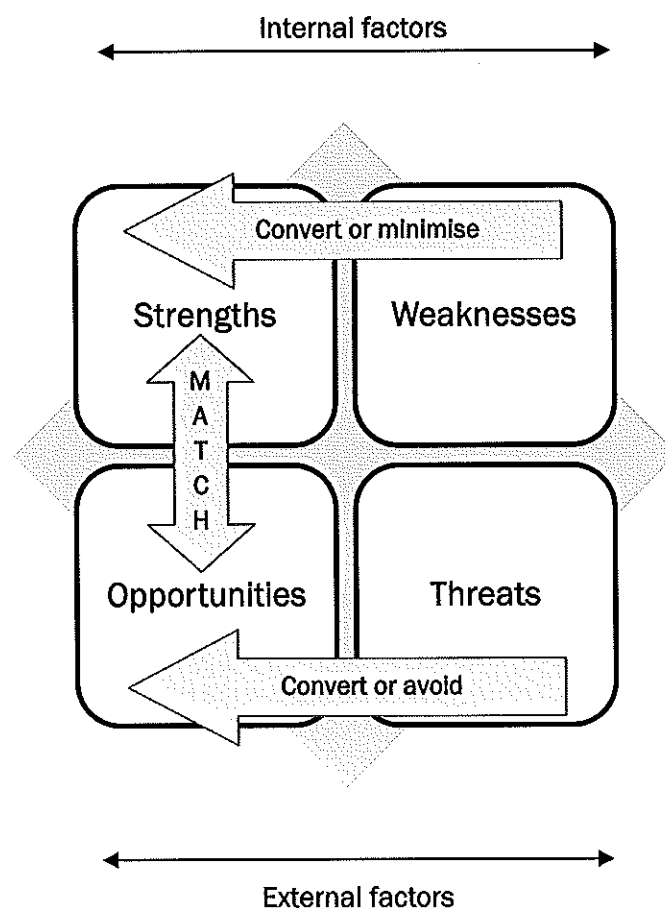
### Steps for conducting a SWOT analysis

Step 1	Select an individual to facilitate the SWOT analysis. This person should be someone who has the respect of all key stakeholders and will be able to facilitate the brainstorming process.
Step 2	Select the people who need to participate in the SWOT analysis based on their ability and willingness to contribute ideas and their knowledge of your organisation. Consider whether or not you need assistance from a consultant.
Step 3	Brainstorm the organisation's strengths. Solicit ideas and thoughts from all participants. Review any data that may be helpful. The areas could include leadership ability, innovation, quality, customer service, decision-making, use of technology, etc. Record all ideas on a whiteboard, flipchart or similar, so that all participants can see the list. Avoid duplicate entries. Some ideas may appear in more than one list.
Step 4	Consolidate ideas by asking the group which items can be combined under the same subject. Do not over-consolidate – let ideas stand on their own merit and avoid putting too many ideas under one broad subject.
Step 5	Clarify ideas by re-examining the consolidated list and discuss any ideas that participants have concerns about. Reiterate the meaning of each item before discussing it. Refrain from discussing solutions at this stage and stay focused on identifying strengths.



<b>Step 6</b>	Identify the top three strengths by asking the group to choose. Sometimes the choice is obvious, but when it's not, give the participants time to think through the issues and then cast their vote. If the list is about ten items long give each person three votes, if the list is longer, five votes.
<b>Step 7</b>	Summarise the organisation's strengths and record them on a separate chart.
<b>Step 8</b>	Repeat the same process outlined in steps 3–7 for weaknesses. Areas to consider maybe similar to the things consider under the strengths heading, e.g. leadership ability, innovation, quality, etc.
<b>Step 9</b>	Repeat the same process outlined in steps 3–7 for opportunities. Areas for consideration may include emerging markets, new technologies, new products, cost reduction, etc.
<b>Step 10</b>	Repeat the same process outlined in steps 3–7 for threats. Areas for consideration may include new competitors, a declining market, new regulations, etc.

As an example, refer to the SWOT Analysis for Zelda's Espresso in Appendix 1.



As shown in the diagram above, an organisation should endeavour to match internal strengths with external opportunities to create the best competitive advantage. Action should be taken to turn internal weaknesses into strengths or minimise their effect on the business, and to convert threats into opportunities, or avoid them.

<b>Learning activity: SWOT</b>
Conduct a SWOT analysis for the organisation you are employed with or the training organisation that you are enrolled in.
<b>Strengths</b>
<b>Weakness</b>
<b>Opportunity</b>

### Threats

## Gap analysis

SWOT analysis reveals, among other things, the organisation's strengths, also known as capabilities. However these strengths do not always mean that your organisation has a unique advantage over your competitors. You may share strengths with many other organisations within your industry, e.g. strong customer service feedback, 24 hour hotline, same day delivery, after warranty repairs, etc.

Your strengths may be different to the strategic capabilities needed to implement your strategic plan. In this regard, strategic capabilities are describing the strengths you need for the future. Common strengths cannot be ignored but distinctive competencies hold the greatest promise of superior performance.

A gap analysis reveals the difference between where you are currently and where you need to be positioned. This is a positive process as it leads to the discussion around what your organisation needs to address, improve, maximise or harness in order to fulfil your objectives.

Consideration needs to be given to any gaps and deficiencies in your capabilities. What was once a strength and a competitive advantage has now become 'par for course' among organisations in your industry. These gaps may highlight the need for:

- specialised training
- up-skilling existing staff
- new staff with different skills
- greater knowledge of the industry
- more expertise in a particular aspect of the industry
- better technology
- joint venture arrangements
- the formation of strategic alliances, e.g. an overseas distributor.

The following table is an example of a gap analysis that summarises the results of an internal SWOT analysis conducted on the assembly and packaging department within an organisation. It highlights the skill areas that were assessed through an employee

questionnaire and compares the current level to the required level of skill (organisational objectives, industry benchmarks, etc.). It then highlights the need for action by suggesting a method for addressing the gap between current and required skill levels.

Gap analysis				
Skill/ competency	Skill description	Current level	Required level	Action needed
New technology	Possess and maintain expertise on new machinery.	83%	85– 100%	Training with new machinery and up-skilling.
Hazardous substances	Knowledge of safe handling and transportation.	82%	100%	Specific training by accredited professionals.
OHS compliance	Apply legislator requirements to everyday work practices.	84%	100%	Improved induction programs and review programs.
Safety awareness and reporting	Routine use of standard reporting systems.	85%	100%	Improved induction programs and simplified processes.
Decision- making	Problem-solving, initiative and teamwork.	92%	90– 100%	Professional development to encourage teamwork.
Conflict management	Use of appropriate interpersonal skills.	90%	85– 100%	Professional development to manage teamwork.
Productivity	Meeting quality benchmarks.	97%	95– 100%	Incentives to meet benchmarks.
Delivery deadlines met	Accuracy of orders within delivery deadlines.	89%	95– 100%	Incentives to meet deadlines.
Teamwork non- supervisory	Fulfil roles and responsibilities and delegated tasks.	92%	90– 100%	Develop position descriptions for all staff outlining roles and tasks.
Understanding current objectives	Articulate organisational goals, values and mission.	85%	85– 100%	Presentation to staff to reinforce objectives.

## Identifying risk

Every marketing opportunity has risks associated with it. These risks must be identified in order to be analysed and treated. Risks are recognised in two categories:

- What, where and when?
- Why and how?

The process of identification can be aided by various tools and techniques, including brainstorming, flowcharts, checklists and fishbone diagrams. To get you started, flowcharts and fishbone diagrams are covered in more detail below.

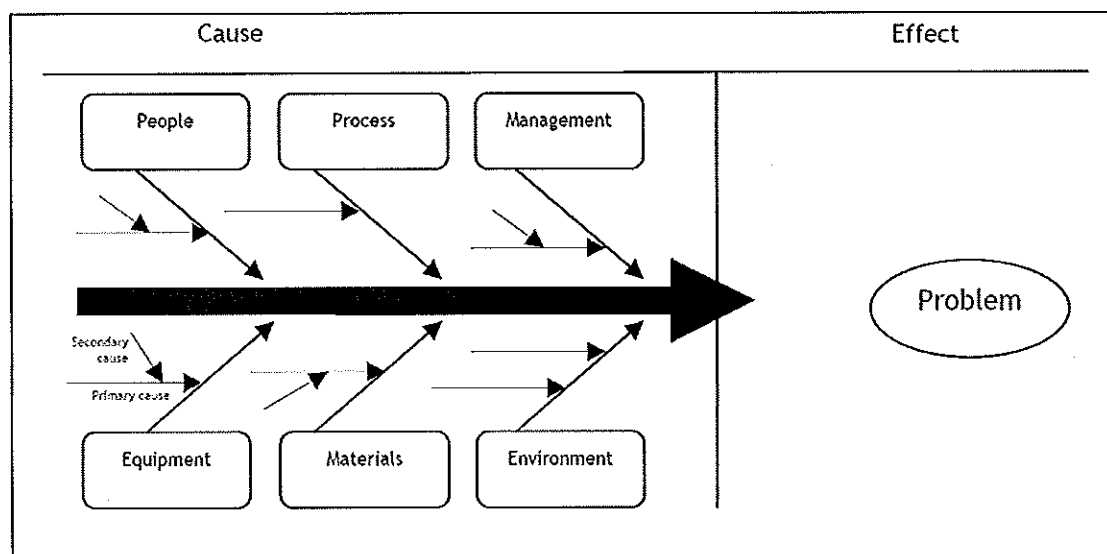
## Fishbone diagrams

Fishbone diagrams are cause-and-effect diagrams. The use of fishbone diagrams encourages a systematic approach to identifying risks that looks beyond the obvious causes of a problem. The starting point for creating the diagram is the identification of a problem – in constructing the diagram, this is known as the effect. The 'bones' show the types of variables that might play a part in the root cause.

Causes are usually grouped into major categories. Common categories include:

- people – anyone who has a role or function with a process
- process – the way a process is done or set of procedures
- equipment – the tools used to perform the process
- materials – the raw ingredients necessary for the process
- management – the way that various processes are maintained and managed
- environment – the conditions under which the process is performed.

Causes can be generated from brainstorming activities, and then grouped and used as labels on the fishbone. Below is an example of a fishbone diagram, showing factors that have the potential to cause or contribute to problems and create risk. The smaller bones connect sub-causes to major causes and show the escalation of risk.



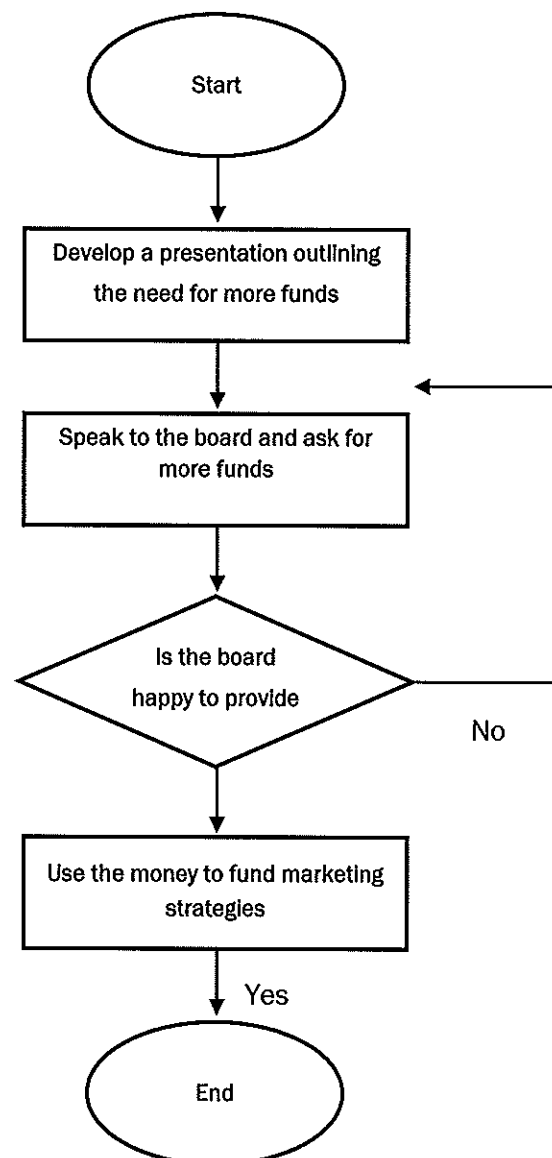
## Flowcharts

A flowchart is a diagram commonly used to demonstrate the steps in a solution for a problem. They are frequently used to design, analyse, document and manage processes.

Flowcharts use various symbols and shapes to represent different facets of a process, and arrows to show flow information, communication and control. Some of the ways symbols could be used to signify key points are listed below.

- Circles or ovals show start and end points.
- Rectangles show steps in the process.
- Parallelograms represent input and output.
- Diamonds represent conditional steps or decisions.

The following diagram is an example of the simple, business process to try and receive more funds for marketing strategies. Most workplace factors will be more complicated than this and have more variables, but follow the same basic principles.



**Learning activity: Flowchart**

Create a simple flowchart using the symbols above to show the process for identifying new marketing opportunities.

By using these simple risk management techniques as part of your decision-making processes, you are able to gain some measure of the expected outcomes of your decisions.

## Section summary

---

You should now understand how to prepare a situation analysis and understand the basic components of a marketing plan for your organisation. You should also understand how to review your marketing objectives, identify marketing opportunities available and analyse their fit with your organisation using the various tools available.

## Further reading

---

- Fletcher, R. and Brown, L., 2008, *International marketing: An Asia-Pacific perspective*, 4th edn, Pearson Education, NSW.
- Chapters 1 and 2 of: Elliot, G., Rundle-Thiele, S., Waller, D., Paladino, A., and Pride, W., 2007, *Marketing: Core concepts and applications*, 2nd Asia-Pacific edn, John Wiley and Sons, Sydney.

## Section checklist

---

Before you proceed to the next section, make sure that you are able to:

- ☒ review marketing principles
- ☒ determine the format of the marketing plan
- ☒ review marketing objectives
- ☒ identify marketing opportunities
- ☒ analyse marketing opportunities.



## Section 2 – Marketing Strategies and Tactics

This section is about marketing strategies and tactics. It contains information on how to strategically change the marketing mix so as to give you an advantage over your competitors and to penetrate new markets. It also includes a section on the various analysis tools available to your organisation for incorporating into the marketing plan for the purposes of reviewing marketing performance. There is also information about implementation of your marketing plan and the impact legislation can have upon your plans for implementation.

### Scenario: Strategist

Laila has successfully identified the marketing opportunities for Zelda's Espresso and analysed their fit with the company's objectives.

As the marketing manager, Laila will now need to make some key decisions about the strategies and approaches she will use in getting Zelda's Espresso products into the market place. To do this, she will need to have working knowledge of the elements of the marketing mix and the impact of legislation on her planned activities.

Laila will also need to develop a way to measure the performance of the plan once it is in place.

### What skills will you need?

In order to develop marketing strategies and tactics, you must be able to:

- ☒ ensure marketing tactics meet legal and ethical requirements
- ☒ determine marketing mix strategies
- ☒ determine performance review strategy
- ☒ develop implementation tactics.

### Legal and ethical requirements

Legislation may strike you as a dry topic, but the consequences of contravening legislation in marketing activities, even when unintentionally, can be severe. These consequences may come in the form of legal prosecution, or may result in damages to the organisation's reputation amongst consumers. A damaged reputation can be difficult to overcome in a competitive market. Legal and ethical requirements that affect marketing operations in a business must be carefully considered by the marketing manager. Your organisation needs to monitor the broader regulatory environment and

adapt to any legislative and regulatory changes. These obligations will influence the implementation, maintenance and continuous improvement of your marketing program.

There are many areas of legislation that may affect a business. Some legislation may apply generally across industries some of which are discussed below. There may also be specific legislation that applies to your industry. When you begin to operate in an industry that you have not worked in before, you need to ensure that you pursue an understanding of the legislation that applies to that industry.

## Code of ethics

Marketing professionals in Australia operate under a code of ethics outlined by the Marketing Association of Australia and New Zealand (MAANZ). A summary of this code can be accessed at the MAANZ website at

- MAANZ, 2005, 'MAANZ Marketing Code of Ethics', *The Marketing Association of Australia and New Zealand*, viewed July 2011, <<http://www.marketing.org.au/esomar.aspx>>.

Marketing professionals that operate under the code of ethics are required to represent the marketing profession with dignity, honour and integrity. This requires honesty, the establishment of equitable fees for services and by not participating in activities deemed as unfair, dishonest or inconsistent with industry codes (such as price fixing, misrepresentation, etc.). They also committed to offering products that are fit for their intended use, discharging their obligations in good faith, handling grievances appropriately and not employing deceptive communication methods.

The marketer commits to the following responsibilities.

Products	<ul style="list-style-type: none"> <li>• disclosure of risks, product alterations, identification of features</li> </ul>
Promotions	<ul style="list-style-type: none"> <li>• avoid false advertising, misleading sales tactics and deception</li> </ul>
Placements	<ul style="list-style-type: none"> <li>• no manipulation of availability or coercion through distribution channels or resellers</li> </ul>
Pricing	<ul style="list-style-type: none"> <li>• full price disclosure and no price fixing or predatory pricing</li> </ul>
Research	<ul style="list-style-type: none"> <li>• integrity in research when revealing data, prohibition of fundraising under the guise of research, fair treatment of all clients</li> </ul>
Relationships	<ul style="list-style-type: none"> <li>• confidentiality, avoid manipulation and coercion, meet contractual obligations</li> </ul>

## Direct Marketing Code of Practice

The Australian Direct Marketing Association (ADMA) has produced a code of practice<sup>6</sup> with the purpose of ensuring honest and fair dealings from those involved in direct marketing. Because direct marketing involves alternative, non-traditional channels for reaching their target market (telemarketing, email marketing, direct mail, etc.), the field is particularly open to exploitation and unfair practices by unscrupulous marketers.

Some key features of the code of practice are listed in the table below.

Privacy protection	<ul style="list-style-type: none"> <li>• adhere to the National Privacy Principles.</li> </ul>
National Do Not Call Register	<ul style="list-style-type: none"> <li>• remove names and contact details of those customers on the Do Not Call register.</li> </ul>
Mandatory cooling-off period	<ul style="list-style-type: none"> <li>• ensure customers are able to cancel contract within seven days, this right must be stated on the contract.</li> </ul>
Telemarketing standards of practice	<ul style="list-style-type: none"> <li>• identify themselves</li> <li>• state the purpose of the call</li> <li>• ensure their name, address and telephone number is listed in an accessible directory</li> <li>• if requested, give the name of the individual responsible for customer inquiries</li> <li>• offer to call back if they have called at an inconvenient time</li> <li>• provide a clear opportunity to accept or decline the offer</li> <li>• only make calls at a time that complies with specific legislation, and in all other circumstances is between 9am and 8pm and not on Christmas day, Good Friday or Easter Sunday.</li> <li>• release the telephone line of the customer within five seconds of them hanging up</li> <li>• not pretend they are undertaking market research when they intent to sell goods or services</li> <li>• not contact a customer more than once within 30 days for the same or similar campaign without the customer's prior consent.</li> </ul>

<sup>6</sup> Australian Direct Marketing Association, 2006, *Direct marketing Code of Practice*, available online, viewed July 2011, <<http://assets.adma.com.au/adma-code-of-practice/index.html>>.

## Defamation

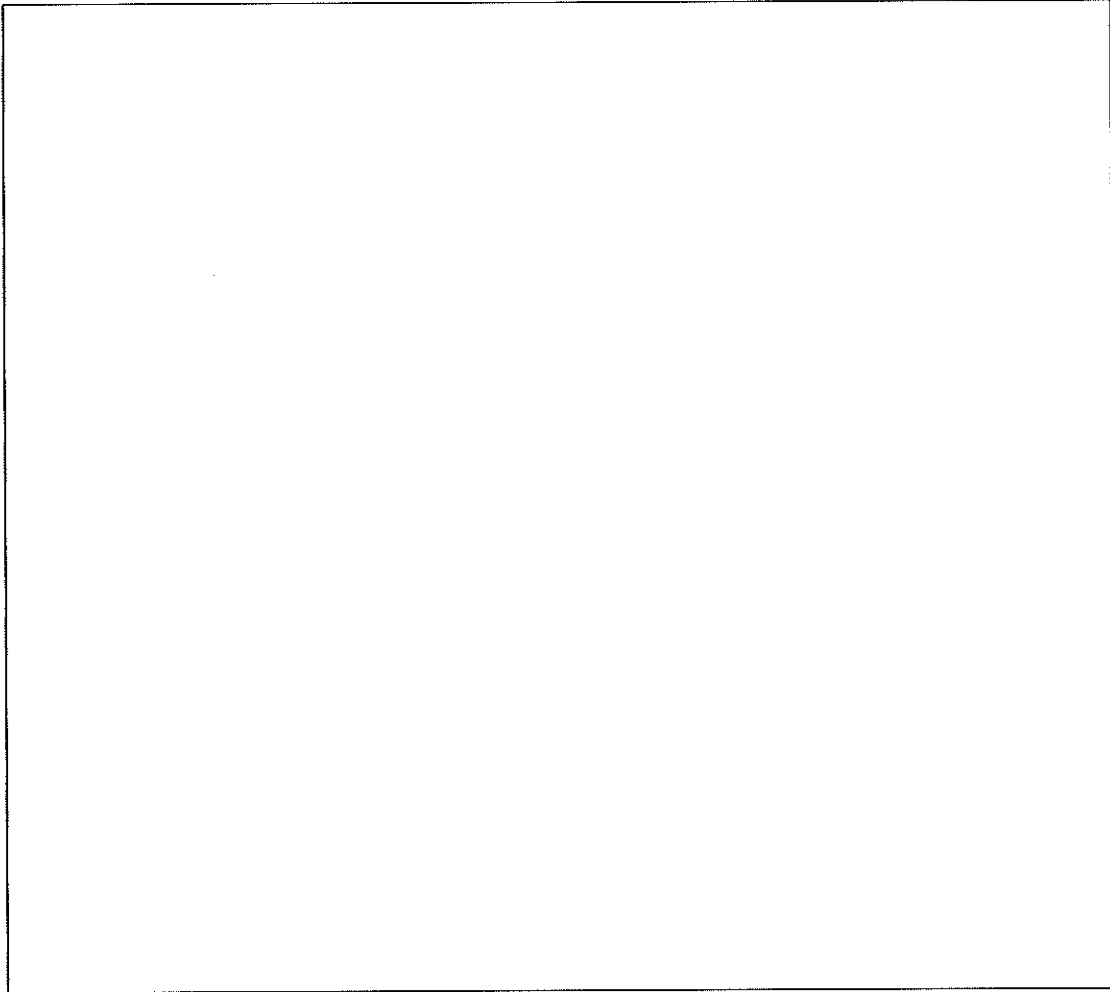
These laws aim to protect the reputation of individuals against false claims of that are stated or implied to be true. In order for this to apply, the defamed person must prove that the information was published to a third person, that they (the defamed person) were identified and that the communication was defamatory.

For more information on defamation legislation in your state, use the following links:

- Government of South Australia's Defamation Act 2005, available online, viewed July 2011, <<http://www.legislation.sa.gov.au/LZ/C/A/DEFAMATION%20ACT%202005/CURRENT/2005.50.UN.pdf>>.
- Queensland Government's Defamation Act 2005, available online, viewed July 2011, <<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/D/DefamA05.pdf>>.
- New South Wales Government's Defamation Act 2005, available online, viewed July 2011, <<http://www.legislation.nsw.gov.au/sessionalview/sessional/act/2005-77.pdf>>.
- Western Australian Government's Defamation Act 2005, available online, viewed July 2011, <[http://www.austlii.edu.au/au/legis/wa/consol\\_act/da200599](http://www.austlii.edu.au/au/legis/wa/consol_act/da200599)>.
- Victorian Government's Defamation Act 2005, available online, viewed July 2011, <[http://www.austlii.edu.au/au/legis/vic/consol\\_act/da200599](http://www.austlii.edu.au/au/legis/vic/consol_act/da200599)>.

### Learning activity: Defamation

Describe three marketing strategies that might be considered defamation under the defamation legislation for your state or territory. For each, explain why the activity constitutes defamation and what action could be taken to avoid it.



### Australian Guidelines for Electronic Commerce

Electronic commerce (e-commerce) allows businesses to develop virtual/online markets and improves the spread of choices available to consumers. However, there are significant differences between e-commerce transactions and the typical retail experience, including payment methods, security, the amount of product information available to consumers and the procedures for making complaints or seeking refunds.

The Australian Guidelines for Electronic Commerce have been developed to address these issues and help protect both consumers and businesses in the electronic commerce environment. These guidelines can be accessed at the website of the Australian Treasury at:

- Commonwealth of Australia, 2006, 'The Australian Guidelines for Electronic Commerce', *The Australian Government: The Treasury*, viewed July 2011, <[http://www.treasury.gov.au/documents/1083/HTML/docshell.asp?URL=australian\\_guidelines\\_for\\_electronic\\_commerce.htm](http://www.treasury.gov.au/documents/1083/HTML/docshell.asp?URL=australian_guidelines_for_electronic_commerce.htm)>.

Broadly, the guidelines cover:

- fair business practices
- the accessibility of electronic goods
- how products are advertised and marketed

- how online marketing activity engages with minors
- access to accurate information about the business conducting the marketing
- information
- privacy
- payment
- security and authentication
- internal complaint-handling
- external dispute resolution.

## Commercial Television Industry Code of Practice

Free TV Australia is the regulatory body that oversees the development and application of the code that regulates the content of commercial TV and provides a framework for viewers to raise issues and make complaints over the advertising and programming content of commercial television networks. The code of practice has a direct impact on the way marketing material is broadcast and can be accessed at

- Free TV, 2010, '2010 Commercial Television Industry Code of Practice', viewed July 2011, <[http://www.freetv.com.au/content\\_common/pg-code-of-practice.seo](http://www.freetv.com.au/content_common/pg-code-of-practice.seo)>.

Regarding marketing, the code states:

- Television advertisers are expected to ensure that their commercials comply with the Advertiser Code of Ethics and the Code for Advertising and Marketing Communications to Children, as amended from time to time (set out as Appendices 1 and 2 of this Code). Section 5 of this Code sets out restrictions on the amount of advertising and other non-program matter that stations may carry at different times of the day. Section 6 of this Code sets out placement restrictions on certain types of television advertising which are recognised as being sensitive.
- Commercials must not be excessively noisy or strident.
- Licensees must do everything reasonably possible to ensure that commercials do not sound louder than adjacent programming.
- Studio transmission must not be increased from normal levels during program breaks.
- A licensee shall be deemed to have complied with Clauses 1.12 and 1.13, provided it ensures that the relevant requirements of Free TV Australia's Operational Practice Note on Loudness of Advertisements, as amended from time to time, have been met. This requirement is satisfied if a person submitting a commercial certifies to the licensee that all requirements of the Operational Practice Note on Loudness of Advertisements concerning compression, limiting and equalisation have been met.<sup>7</sup>

---

<sup>7</sup>2010, 'Commercial Television Industry Code of Practice', Free TV Australia, viewed July 2011, <[http://www.freetv.com.au/media/Code\\_of\\_Practice/2010\\_Commercial\\_Television\\_Industry\\_Code\\_of\\_Practice.pdf](http://www.freetv.com.au/media/Code_of_Practice/2010_Commercial_Television_Industry_Code_of_Practice.pdf)>.

## Privacy

The National Privacy Principles regulate the way consumer information is collected, handled and stored by private and public organisations. A large amount of marketing activity, particularly direct marketing, relies heavily on gathering information on consumers to better target their desired market segments. As a marketing manager, you must ensure that your organisation adheres to the privacy principles. The National Privacy Principles are available from the Office of the Australian Information Commissioner at:

- Office of the Australian Information Commissioner, 'National Privacy Principles', Office of the Australian Information Commissioner, viewed July 2011, <<http://www.privacy.gov.au/materials/types/guidelines/view/6582>>.

Key aspects of the principles are outlined in the table below.

1. Collection	Organisations must ensure that individuals are aware their personal information is being collected, why, who it might be passed on to and that they can ask the organisation what personal information it holds about them.
2. Use	Personal information may not be collected unless it is necessary for an organisations activities and must only be used for the purpose it was collected. Many direct marketing mailers will now have to offer the recipient the opportunity to elect not to receive further mailings.
3. Data quality	Organisations must take steps to ensure personal information they collect is accurate, complete and up-to-date.
4. Data security	An organisation must take reasonable steps to protect the personal information it holds from misuse and loss and from unauthorised access, modification or disclosure.
5. Openness	An organisation must have a policy document outlining its information handling practices and make this available to anyone who asks.
6. Access and correction	Generally, an organisation must give an individual access to personal information it holds about the individual on request.
7. Identifiers	Generally, an organisation must not adopt, use or disclose an identifier that has been assigned by a Commonwealth government agency.
8. Anonymity	Organisations must give people the option to interact anonymously whenever it is lawful and practicable to do so
9. Trans-border data flows	An organisation can only transfer personal information to a recipient in a foreign country in circumstances where the information will have appropriate protection.

**10. Sensitive  
Information**

Sensitive information (such as about someone's health, political opinions or sexual preference), may only be collected with the consent of the individual (unless a public interest exception applies).

There are several key obligations for marketers around the collection of private information:

- whenever possible collect information directly from the person
- only collect information that is necessary
- only collect information by fair means
- take reasonable steps to let people know that personal information has been collected and what is going to be done with it
- do not disclose information about the person to a third party that you are collecting information from
- take care about the type of information contained in messages left on answering machines.

Generally, personal information should only be used and disclosed for the purpose for which it was collected.

**Learning activity: Application of national privacy principles**

Discuss the application of privacy to the marketing function. Describe three ways these principles affect your role as the marketing manager.



## Competition and Consumer Act

The *Competition and Consumer Act 2010* (Cwlth) dictates the structure of relationships between suppliers, wholesalers, retailers, competitors and customers and prohibits anti-competitive practices and trade practices that are not in the federal or public interest.

**Note:** This Act was previously known as the *Trade Practices Act 1974*, and was superseded by the *Competition and Consumer Act 2010* on 1 January 2011.

Areas covered by the Act include:

- anti-competitive conduct
- unfair market practices
- industry codes
- mergers and acquisitions
- product safety and labelling
- price fixing and monitoring.

Consumer protection provisions have the most impact on marketing activities and regulate or prohibit a range of unfair trade practices. These include:

- misleading and deceptive conduct
- the making of false representations in relation to the sale of goods and services
- unconscionable conduct
- unfair terms in consumer contracts and standard form consumer contracts.

The goal of these provisions is to place consumers in a position of strength, relative to sellers, distributors and manufactures. This helps to ensure businesses compete in a fair manner on price and quality.

### Learning activity: Consumer protection provisions

Visit the link below and download the *Competition and Consumer Act 2010*, Volume 3:

- Australian Government, 2011, 'Competition and consumer Act 2010', ComLaw, viewed July 2011,  
<<http://www.comlaw.gov.au/Details/C2011C00378/Download>>.

Look at chapters 2 and 3 in this Volume (pp. 94–200) and consider the application of consumer protection provisions to the marketing function.

Describe three ways this legislation affects your role as the marketing manager.

## Australian Competition and Consumer Commission (ACCC)

The ACCC is an independent national statutory authority formed in 1995 to administer the *Competition and Consumer Act 2010*<sup>8</sup>. The ACCC benefits consumers and the wider community by promoting competition and fair trade in the marketplace. The main goal is to ensure compliance by individuals and businesses with consumer protection laws and fair trading guidelines. ACCC regulations complement state and territory consumer affairs agencies in the field of fair trading and consumer protection.

### Learning activity: ACCC actions

Do some research online to identify actions taken against companies due to marketing or advertising over the last two years. Choose one action and answer the following questions based on the case.

What action was taken by the ACCC?

What prompted the ACCC to take that action?

Do you believe the action taken was justified, or too severe? Why?

<sup>8</sup> On 1 January 2011, the *Trades Practices Act 1974* was superseded by the *Competition and Consumer Act 2010*.

## Marketing mix strategies

With an understanding of the ethics and legislation involved in marketing, you are now able to plan an effective marketing strategy that complies with relevant legislation.

Marketing mix is the blend of product, price, place and promotion to satisfy consumers and effectively engage with a target market. All four of these variables must be considered and acted upon to produce the best result. The mix is only as good as its weakest component. The aim of considering the 4 P's is to gain advantage over competitors and achieve competitive success.

The 4 P's of the marketing mix are:

1. Product	3. Place
2. Price	4. Promotion

The four elements of the marketing mix provide numerous strategies that can be employed according to the product or service being offered, in order to create competitive advantage in the market place. In the sections below, we will examine the four P's in detail, including the strategies and approaches relevant to each element.

### Product

Products can be tangible or intangible. Tangible refers to physical products that can be touched, smelled or tasted. When you do grocery shopping at a supermarket, you are buying tangible products. Intangible products are an idea, a sound or a service – they do not have a physical presence. Buying credit for a pre-paid phone, insurance or shares are examples of purchasing intangible products. There are three levels of product.

Core	Refers to the core benefit of the product; it is the central reason that consumers make a purchase. For example, an individual might buy a new car for their work commute that provides them with the guarantee of a minimum level of function that comes with purchasing new, rather than used, car.
Actual	Refers to the actual product or service, and elements are usually sorted according to quality, brand name, features, styling, and packaging.
Augmented	Refers to all elements surrounding both the core and actual product. The augmented level provides purchasers with additional services and benefits, such as a three year unlimited kilometre warranty for a new car and a 12 month interest period.

All three levels of product should be taken into consideration when your organisation is attempting to meet the needs and wants of customers.

New products introduced into a market whether domestic or international are successful for one or more of the following reasons:

- they offer value for money
- they offer a relative advantage over other products
- they have compatibility with other technologies
- they can be observed and judged before purchase
- they offer a trial period or return policy.

As with the other factors in the marketing mix, the extent of standardisation or customisation of products must be considered. Your products may be adapted because of regulations (obligatory) or by choice (discretionary) depending on the target market.

**Learning activity: Choose your phone**

Based on the above criteria, write a rationale for choosing to purchase a particular brand of mobile phone with touchscreen technology.

Research brands that use the technology and compare at least three different brands of mobile phone phones.

Packaging is an important part of the product marketing mix. The design of the container, the images, logos, text, etc., all create something that attracts or detracts from consumer confidence. There may be many issues influencing how your product is packaged.

Issues to consider when tailoring packaging to various target markets include:

- packaging regulations
- changes in climates across countries (important for items affected by temperature, pressure or humidity)
- method of transportation
- different types of channels of distribution
- environmental consciousness

- shelf life
- different consumer preferences
- cost factors
- what standardisation is needed to make the product recognisable across different markets.

Issues in labelling for various target markets:

- rules and regulations
- different languages
- different promotions
- information details to be provided
- instructions for use
- different price or currencies
- consumer preferences.

### Standardisation and adaptation

The success of a product in a particular domestic market region is no guarantee of success in other target markets. Therefore, you must decide how you will approach the opportunity to expand your products or services either domestically or overseas.

Two common approaches to preparing products for other target markets are product standardisation and product adaptation. Standardisation refers to offering the same product in all markets, regardless of differences between regions, countries and other factors. Alternatively, adaptation is the modification of products to suit the needs of specific markets.

Some advantages of standardisation include:

- economy of scale in manufacturing as production processes and resources are only required for one product
- research and development not required to determine modification requirements as in adaptation
- reduced marketing costs as modification is not required for labelling, product information, advertising and promotional materials.

Some advantages of adaptation include:

- increased competitive advantage through the introduction of products tailored to specific market needs, where only standardised products were previously available
- increased usability particularly where products are affected by conditions such as climate or level of skill
- the ability to address affordability in different markets by adding or removing enhanced features
- access to markets where government regulation or legal requirements restricts standardised products.

The concepts of standardisation and adaptation can be specifically applied to products, as well as pricing and promotion of products.

### International product strategies

You will need to decide the necessary levels of standardisation or adaptation of your products to be successful in your chosen overseas market.

Standardisation means offering a uniform product on a regional or global basis with minor changes. The forces that favour a globalised product strategy are:

- common customer needs and behaviour
- economies of scale in production, research, marketing, etc.
- less introduction time required for new markets
- global consumers and consumer mobility
- an industry with a good reputation in your region
- consistency of company image
- similar technical specifications for products
- exporting uniform products
- better and more affordable marketing performance
- consistency in product design
- consistency in selling techniques
- success can be easily duplicated in other markets.

Standardisation may lead to substantial opportunity lost which is why many companies seek to adapt their products to their target market. Adaptation can be obligatory or discretionary. Obligatory adaptation may be due to the laws and regulations of foreign countries leaving you with no option but to comply. Discretionary adaptation means you decide to adapt the product, not because there are regulatory restraints, but because of the profits you are trying to achieve. These reasons are as follows:

- to better suit the various customer needs
- to adapt to different use conditions
- to respond to different market factors
- to suit a company's available resources and product objectives
- to suit the stage of a product lifecycle.

### Price

There are internal and external factors for the organisation to consider regarding price. External factors include the target market, product demand, competition, logistics, economic climate and government regulations. Internal factors include marketing objectives, production costs, resources available and the marketing-mix strategy.

Price is the most flexible element of the market mix. There are a number of pricing strategies you can adopt.

<b>Penetration pricing</b>	Involves setting prices intentionally low in order to gain market share. Prices then increase with demand.
<b>Premium pricing</b>	Involves setting prices deliberately high to create the perception of exceptional quality or reputation and therefore increase interest in the product.
<b>Promotional pricing</b>	Involves using 'special' pricing to encourage purchasers such as 'buy one, get one free'. This type of pricing can encourage consumers to share an experience or knowledge of a product with their peers.
<b>Price discrimination</b>	Involves setting a different price for different markets or market segments.
<b>Price-skimming</b>	Involves initially setting the price high, allowing your company to generate maximum profit from customers willing to pay the high price. Then you gradually lower the price until maximum profit is received from each level of customer.
<b>Quantity pricing</b>	Provides lower prices to customers who buy bulk quantities of your product.
<b>Psychological pricing</b>	Is value-based pricing that focuses on consumer perceptions. For example, setting the price a few cents lower than a full-dollar value, this causes customers to focus on the lower-value, full-dollar cost.

It requires some effort and attention to manage price increases in target markets. Some of these factors include:

- downsize the product – offer a smaller version or less quantity
- escape tariffs and taxes – adapt product to different tax classification
- relocate manufacturing – assemble the products in the target market
- rearrange the distribution channel – reduce the length of channel and number of margins
- eliminate costs – sell core features offer a 'no frills' version.

#### Learning activity: Toyota global prices

Visit Toyota's website:

- Toyota Motor Corporation, 2011, <<http://www.toyota.co.jp/en/index.html>>.

Complete the questions on the following page.

Check the current price of a Toyota Prius in Australia, United Kingdom and Chile. Be sure to double-check the specifications to ensure equality of model selection.

*Australia:*

*United Kingdom:*

*Chile:*

What currencies are used to quote these prices?

*Australia:*

*United Kingdom:*

*Chile:*

Convert these prices to Australian dollars to determine in which country the Toyota Prius is more expensive to purchase.

*Australia:*

*United Kingdom:*

*Chile:*

List reasons for the difference in prices between these three countries.



## Placement

Placement refers to the location and methods of product distribution from manufacturing phase to end user. Two factors to consider with placement are channel and logistics management. Both refer to the effective use and selection of methods to carry the product from the production phase to end user. There are a number of ways to approach product placement.

A simple approach is through a method called the five C's framework.

- **Coverage** – Ability to reach the targeted customers to achieve market share and your growth objectives.
- **Character** – Compatibility of channel with your desired product positioning.
- **Continuity** – Loyalty of the channel to your company and its objectives.
- **Control** – Ability to control total marketing program for the product or service.
- **Cost** – Investment required to establish and maintain the channel compared to the sales level.

## Promotion

Various promotional tools can be used by your organisation to communicate messages about products, ideas, or services to your existing and potential customers. There are five promotional tools available to managers:

- **Advertising** – any paid form of promotion or presentation of ideas, goods and services.
- **Personal selling** – personal presentation by your company's sales team for the purpose of building relations with customers and making sales.
- **Sales promotion** – these are short-term incentives, discounts and bonuses to encourage the sale of a product or service.
- **Direct marketing** – the use of internet, telephone, mail and other direct tools to contact customers and potential market.
- **Publicity** – is about building your corporate image by promotion of values to the public and building rapport with consumers; it also about responding positively to unfavourable events.

Factors that affect the promotional mix are:

- |                                       |  |
|---------------------------------------|--|
| • your company's objectives           | • the stage in the product's lifecycle         |
| • your company's resources and budget | • the demand for product                       |
| • the type of market                  | • the nature and level of competition          |
| • the size of market                  | • availability of media in the target market   |
| • the readiness of the market         | • regulations and restrictions on advertising. |
| • the type of product                 |  |

There are two major trends in marketing taking place internationally. Firstly, the move away from mass marketing to a model that focuses more heavily on customising and

targeting its message to individual segments of the market or individual customers themselves. Companies are taking the time to identify a market segment or niche for their products. The second trend is the growth in direct marketing, including telemarketing, online advertising, direct mail, etc.

The decision whether or not to standardise your communications is a big one. Standardised advertising can work when you are promoting products that have universal appeal, high tech properties, luxury appeal, strong visual branding and do not require translation. There are advantages and disadvantages to standardisation.

#### Advantages:

- targets global consumer segments
- ability to quickly introduce new products worldwide
- consistency of global brand
- economies of scale for production
- lower advertising costs
- lower control and coordination costs.

#### Disadvantages:

- does not allow for cultural differences
- does not accommodate language differences
- does not adapt to different perceptions of the product
- does not take different lifestyles into account
- does not take variations in purchasing power parity (PPP) into account
- does not consider different degrees of market maturity.

#### International promotion strategies

Not only do your product and pricing strategies need to adapt to the target market, but so do the promotion of your products and the choice of communication methods. You will need to decide the necessary levels of standardisation or adaptation of your promotion to be successful in your overseas target market. Global Marketing guru Warren Keegan distinguished five adaptation strategies of product and communication to a target market.<sup>9</sup> The following matrix outlines these strategies.

	Do not change product	Adapt the product	Develop new product
Do not change promotion	Straight extension	Product adaptation	Product invention
Adapt promotion	Communication adaptation	Dual adaptation	

<sup>9</sup> Keegan, W. J., 1995, *Multinational marketing management*, 5th edn, Prentice Hall, New Jersey.

<b>Straight extension</b>	<p>Is usually adopted by smaller companies with limited resources who may have identified a global market for their product. Straight extension means introducing the product in the target market without changing the market mix (the four P's). The same product is marketed to all countries – the only difference is labelling and language.</p> <p>This strategy carries the assumption that consumer needs are essentially the same in each country. The producer doesn't incur the costs additional manufacturing or promotion modifications. Straight extension can be successful when products are not culturally sensitive and economies of scale are present, for example, bottled water or stationery.</p>
<b>Product adaptation</b>	<p>Means altering the physical product to meet the needs of the target market or accommodate the individual environmental factors of the new market. The extent of the modifications made will vary greatly, however the core purpose of the product remains the same. Cars and farming machinery are common examples of product adaptation because every international market has different needs and preferences in terms of style, cost and performance.</p>
<b>Product invention</b>	<p>Involves creating a new product to meet the needs of a new market. This method should only be considered when your organisation has a product that is fundamentally unsuitable for a particular market. For example, brewing companies have sold alcohol-free beer in countries where sales of alcoholic beverages are prohibited.</p>
<b>Communication adaptation</b>	<p>Involves altering your promotions and communications to suit the cultural dynamics of the target market. These modifications are sometimes implicit in the cultural norms of a particular market, but they can also be made explicit in government legislation or industry standards. Organisations base their communications and campaigns on the specific economic, social, and political environments. This strategy involves developing consumer's perception of a product which is less costly than developing an entirely new product, but can refresh a product in the minds of consumers.</p>
<b>Dual adaptation</b>	<p>Involves adapting both the product and the communication to suit the new market. This is the most radical of all approaches as it involves the lengthy and costly processes of market research, product development, branding and marketing. This approach should only be considered if the differences between the markets are insurmountable on strength of the product or the marketing.</p>

**Learning activity: Brand name strategies**

Visit the General Motors website:

- General Motors, 2011, <<http://www.gm.com/toolbar/allGMSites.html>>.

Identify the different brands presented to consumers in different nations.

What type of brand name strategy and promotion does GM use for its overseas markets?

## Legal environment and the marketing mix

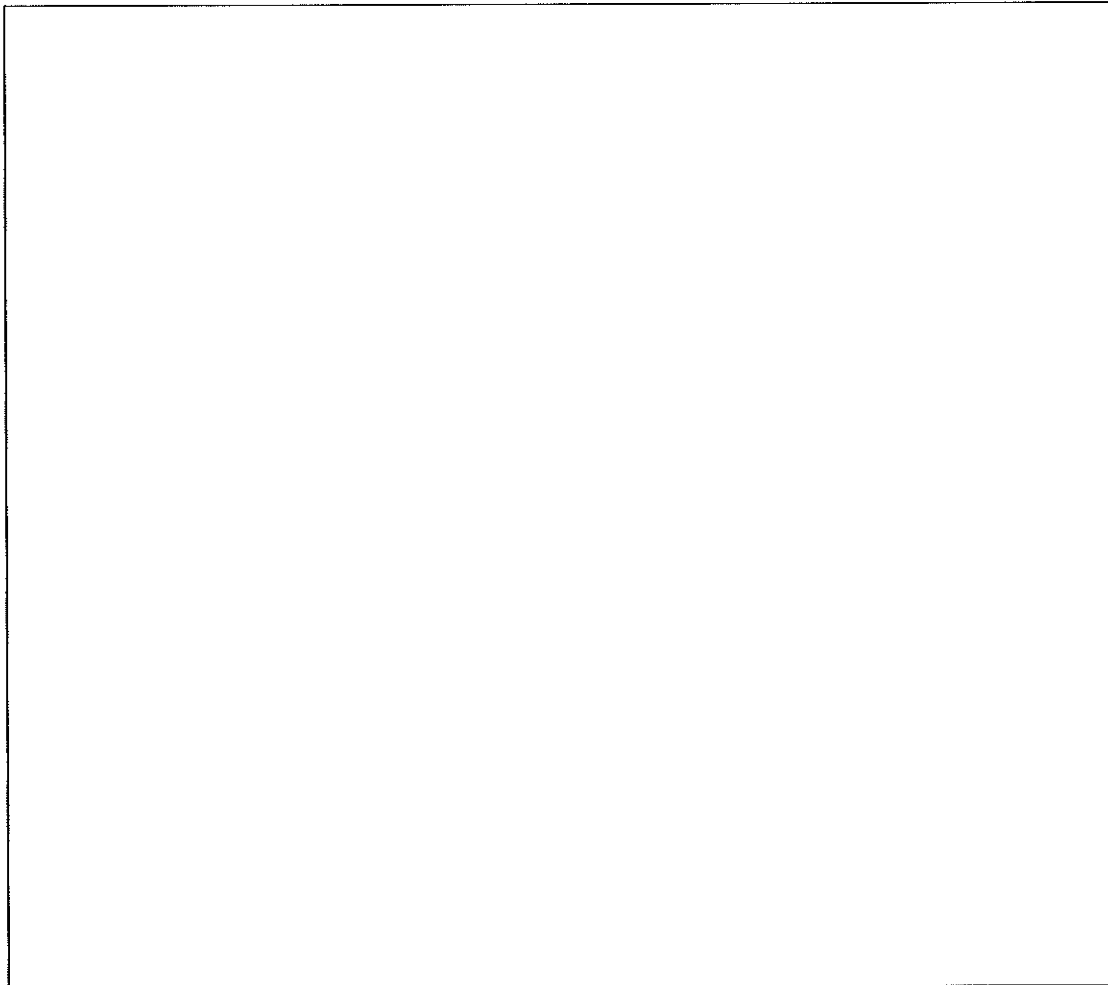
Laws governing commercial activities can affect your marketing mix. For this reason it is sometimes difficult for your organisation to create a common marketing plan for several regions or countries. The laws governing each aspect of the marketing mix can differ from country to country.

### Product

Laws may prescribe standards for the purity, safety and performance of products. The physical and chemical aspects of a product are affected by laws seeking to protect consumers, such as lead paint coatings on toys. Sometimes unreasonable quarantine measures are imposed to frustrate importers and protect the domestic market, this affects products such as imported cheese. Laws may also exist that affect packaging, specifying the type of container, the outer packaging, the display of nutritional information, expiry dates, volume, manufacturer details, importer details, even the size of the print used on the label. It is important that your organisation is aware of these requirements and restrictions placed upon your product lines.

**Learning activity: Packaging for India**

Visit the websites for Nestle in Australia <<http://www.nestle.com.au>> and Nestle India <<http://www.nestle.in>> and examine the difference in packaging between the following products: Kit Kat (packaging shown below), Nescafe instant coffee, and Nescafe Milk blend range. List the differences and reasons why the package is adapted that way to suit the Indian market.



## Price

Generally price controls are motivated by a desire to protect consumer's interests or to control inflation. Laws may also be related to ensuring competitive pricing in the market. In Australia this is the role of the Australian Competition and Consumer Commission (ACCC). These laws cover areas such as retail price maintenance, action to discriminate against competitors, limitations of licensing and franchising agreements and price setting.

Internationally, there are laws that affect pricing. These laws include those relating to 'dumping' (selling goods below the current domestic value in the country of origin) and transfer pricing (undervaluing the price of product exported from an overseas operation to another division to minimise tax in the country of origin). There are also laws relating to the size of the profit margin, sales tax, value-added tax, import tax and port tax.

## Placement

Most countries have laws covering the physical distribution of products. These laws can relate to shipping and rights of carriage by air and sea. Distribution channel activities are also subject to different laws from country to country and the techniques allowed in one are often prohibited in another, e.g. door-to-door selling is not permitted in France. In some countries exclusive distribution rights may be prohibited while in others laws decree who your company is permitted to employ as your agent or distributor.

## Promotion

Promotion is a highly regulated element of the marketing mix in most countries. Most governments are trying to protect their citizens against fraudulent, deceptive, misleading or discriminatory advertising.

These regulations include:

- descriptions that are deceptive or testimonials that are not factual
- prohibitions on advertising certain products (often tobacco and alcohol)
- prohibitions on using certain words or expressions
- limitations on extent of promotional expenditure
- content and style of advertising
- other promotional elements such as cash back offers, contests, etc.










## Competitive strategies

When your organisation has chosen its target segments, you need to determine a competitive positioning strategy for your products. A uniform positioning strategy across international markets may not work because of the cultural, economic, legal and political factors within a country. However a range of targeting strategies need to be taken into consideration.

### Targeting strategies

Strategies for targeting segments fall into three categories:

- Undifferentiated – treat all segments the same
- Concentrated – target specific segments and ignore others in the market
- Multi-segmented – treat each segment in the market differently.

Undifferentiated	Concentrated	Multi-segmented
		
		
		

Marketing consultants, Michael Treacy and Fred Wiersema, offer an alternative classification of competitive positioning/targeting strategies. They suggest that your organisation can gain a competitive advantage by delivering superior value to your customers through what they term 'value disciplines'.<sup>10</sup> These three 'value disciplines' are as follows:

- **Operational excellence** – A company that provides superior value by leading the industry in price and convenience. They target customers who want reliable generic products that are easy to access. Kmart falls into this category.
- **Customer intimacy** – An organisation provides superior value by precisely segmenting its market and tailoring its products and services to match the needs of the targeted customers. You would establish detailed customer databases and empower your sales people to respond quickly to customer needs. Customer loyalty is the priority within this value discipline. Dell Computers is an example of a company with this focus.
- **Product leadership** – your company would provide superior value by offering a continuous stream of leading edge products or services that make their own and competing products obsolete. Your focus is innovation, creating new ideas and new products. Your customers are those that appreciate state-of-the-art products and services, e.g. Porsche.

#### Learning activity: Value disciplines

Three companies were mentioned above as holding to a value discipline. Nominate two more in each category.

Operational excellence:

Customer intimacy:

Product leadership:

<sup>10</sup> Treacy, M. and Wiersema, F., 1997, *The discipline of market leaders*, 2nd edn, Basic Books, New York.

### Product positioning

When the market has been segmented, and you have chosen who to target, your organisation needs to position its products. Product positioning is the process of positioning your products with the right marketing mix, in such a way as to distinguish it from those of your competitors.

Your organisation may do one of two things:

- position the product differently in each target market
- position the product the same way, but modify the product to meet the needs of customers.

The formulation of a positioning strategy includes these steps:

- identifying the relevant competing products or brands
- determining the perceptions held by consumers about your products
- developing positioning themes
- screening the positioning alternatives and select the most appealing one
- developing a marketing mix strategy for the selected market
- monitoring the effectiveness of your positioning strategy and conduct an audit.

Most of the traditional approaches to product positioning have been developed for the domestic markets and do not involve culture as a major consideration. When entering target markets with diversity in cultures, creating an effective positioning strategy requires an understanding of consumer's values that are driven by their culture and traditions. It is important to use a cultural framework that defines cross-cultural differences and how they can form the foundation for product positioning. Consumer markets are more significantly affected by cultural influences compared to industrial or business markets.

#### Learning activity: Swatch

Visit the Swatch site listed below and examine the range of products on offer.

- Swatch AG, 2011, <<http://www.swatch.com>>.

In what ways have they deliberately positioned their products in various segments?



List five products and how they have been positioned.

## Plan implementation tactics

Effective implementation relies on good planning as well as clear and concise communication of the plan across the organisation, so that everyone is aware of the individual steps involved and their own roles and responsibilities within the process. Timelines, key objectives, protocols and procedures all need to be clearly articulated in order to minimise setbacks during the implementation phase. This chapter will examine the key elements of planning in order to ensure the marketing strategy is implemented as seamlessly as possible.

Carefully planning the implementation process assists the marketing manager in communicating to their team exactly what they should be doing and when they should be doing it. As with the management of any project, it is important that the requirements of the marketing plan and overall organisational objectives are being met at all stages of implementation.

Implementation planning should include detailed descriptions of the following elements.

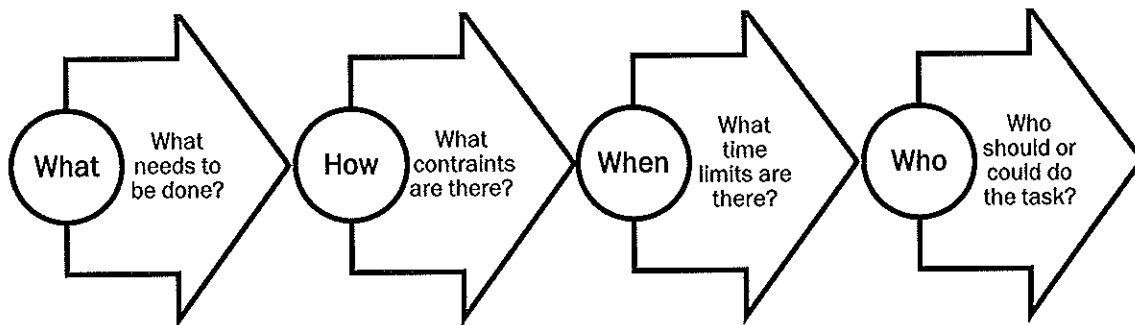
<b>Stakeholders</b>	A list of all stakeholders involved in the marketing strategy, including those working on the project and those who share an interest in the success of the campaign. This should include exact role descriptions and any specific reporting requirements. It should also provide for consultation with stakeholders, so that invested parties can contribute and shape the plan's implementation.
<b>Activities</b>	Descriptions of the specific marketing activities involved at every stage of the marketing campaign. Each of these activities needs to be tied to the purpose, scope and objectives that were determined during the planning process.
<b>Constraints</b>	<p>Descriptions of any constraints that may limit the implementation of the marketing plan. Some common constraints include:</p> <ul style="list-style-type: none"> <li>• limited/fixed budget</li> <li>• limited resources</li> <li>• unstable logistics</li> <li>• tight industry regulations or government legislation.</li> </ul>
<b>Resources allocation</b>	Details of all the resources necessary for you to complete this project. Resources can include suppliers, staff levels, transport, equipment, raw materials, etc. These resources need to be allocated and budgeted for.
<b>Timeline</b>	Descriptions of all deliverables for this project, with clearly observable milestones and estimated completion dates. When planning the timeline for implementation, all the variables that may cause fluctuations in timeframes must be planned for.
<b>Budget</b>	A full budget breakdown, describing all expected costs and any variables in spending and return on spending. The budget needs to be broken down against the timeline of the project in order to measure and compare spending and cash flow against key stages of the marketing program.
<b>Monitoring</b>	Description of how the planning and management of the project will be monitored throughout all stages of the project, and against all tasks, activities, milestones and other external requirements.
<b>Reporting</b>	Description of who needs to be reported to and at what stage of the process they need to be consulted or reported to. Lines of authority must be clearly outlined, including the budget approval process (this should reflect organisational policy and procedure and any other statutory or auditing requirements).

## Objectives and activities

As the marketing manager, you are involved in a range of activities for a project, beyond completing the planning documentation. Some typical activities associated with implementing a marketing plan include:

- coordinating staff
- ensuring tasks are carried out
- communicating advice and information to the team
- managing meetings, including preparation of minutes, papers and reports
- preparing the plan and documentation
- monitoring the budget
- monitoring timelines
- monitoring progress.

Key steps in the process of identifying activities included in the range of the project are:



### Step 1: What

Implementation must begin by reviewing the marketing objectives. Part of defining what needs to be done is being able to construct a list of all tasks, activities and objectives. Sometimes these three terms are interchangeable, but typically:

- tasks are things that need to be done
- activities are things that administrators are involved with
- objectives are things that must be achieved.

### Step 2: How

Describe how the tasks that have been identified in the implementation plan are meant to be achieved. This normally sets the constraints for the way in which specific tasks should be carried out (e.g. a painting must be roll-finished).

### Step 3: When

For all of the tasks, activities and objectives identified and associated with the implementation, it is of vital importance that individuals understand when each of them are due, and which of them are dependent on other tasks. This combination of due dates and dependencies often describes the order that things must be undertaken to complete the project successfully.

Typically within a project, a number of standard timelines and administrative milestones are required to be met. These can include:

- contract requirements
- developing a work plan
- timelines
- progress reports
- achievement of key tasks/project phases
- measurement/achievement of set outcomes
- completion of tasks
- completion of contract phases/requirements.

Successful program implementation requires a task list or a set of administrative milestones as a way of tracking your progress. These are driven by timelines and deadlines. These tasks are usually monitored by the key individual and the appointed committee.

Some of the administrative milestones could include:

- the legal, ethical and compliance issues that have been identified
- the management commitment and support for the program
- the scope of the program
- a set of agreed aims and objectives
- a budget for implementation
- a marketing manager
- clearly defined roles and responsibilities
- the workplace environment (facilities and infrastructure)
- a plan for communicating the program to staff
- a policy and procedures document
- the services of consultants or advisors
- an ongoing communication process that invites feedback and encourages participation
- program benchmarks that allow for ongoing measurement of progress and improvement.

Once you have listed the tasks that need to be completed, it is helpful to place these into a table or chart that gives you an indication of which tasks are due at specific times. Keep in mind that most tasks are in some level of progress from the very beginning of implementation. Arrange your tasks in some level of importance or order of priority so that your progress toward implementation is evident. Be careful not to allow too many tasks to land in the same week. The table below is an example using the previously listed set of milestones.

Administrative milestones for implementation											
	Timeline	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
	Task										
1	Identify compliance issues	X	X								
2	Management support	X	X	X							
3	Manager appointed	X	X	X							
4	Determine scope	X	X	X	X						
5	Roles established	X	X	X	X						
6	Agreed objectives	X	X	X	X	X					
7	Budget approved	X	X	X	X	X					
8	Workplace audit	X	X	X	X	X	X				
9	Consultant/advisor	X	X	X	X	X	X	X			
10	Allocated resources	X	X	X	X	X	X	X			
11	Communication plan	X	X	X	X	X	X	X	X		
12	Policy and procedures	X	X	X	X	X	X	X	X		
13	Feedback system	X	X	X	X	X	X	X	X	X	
14	Benchmarks established	X	X	X	X	X	X	X	X	X	X
Number of tasks due		0	1	2	2	2	1	2	2	1	2

#### Step 4: Who

The final step in the implementation planning process is determining who can complete the required task within the required timeframe and budget. The marketing manager must review the available resources for the project, and if necessary request further support if the required personnel or skills are not available.

Reviewing the hierarchy for your marketing operations gives a clear picture of who carries responsibility for individual tasks. Allocating roles and responsibilities to individual team members for implementation should be based on their:

- ability
- qualifications
- knowledge
- experience
- interpersonal skills.

Conducting a simple skills analysis will help you in allocating the right role to the right person.

- Make a list of the tasks associated with each role and the skills needed to undertake the necessary tasks.
- Make a list of the skills of each team member.

- Match the team member to the role that they are most equipped for.
- Any gaps in your analysis may highlight the need for further training.

Each team member has responsibilities assigned to them based on their role, training, interpersonal skills, knowledge and experience. Their individual contribution is unique.

Team members need to be aware, not only of their role, but the role of other team members in the marketing program. Some team leaders don't take the time to clarify everyone's role and as a result they promote individualism – team members are focused on their role, job security and performance – sacrificing team objectives and achievements in the process. Each team member should be aware of:

- the positions and titles that they and other team members hold
- the roles and responsibilities of each member of the team
- how their role contributes to the team's success
- the responsibilities that are not theirs
- any roles that overlap or conflict
- the roles that should be shared
- additional or optional responsibilities they could assume.

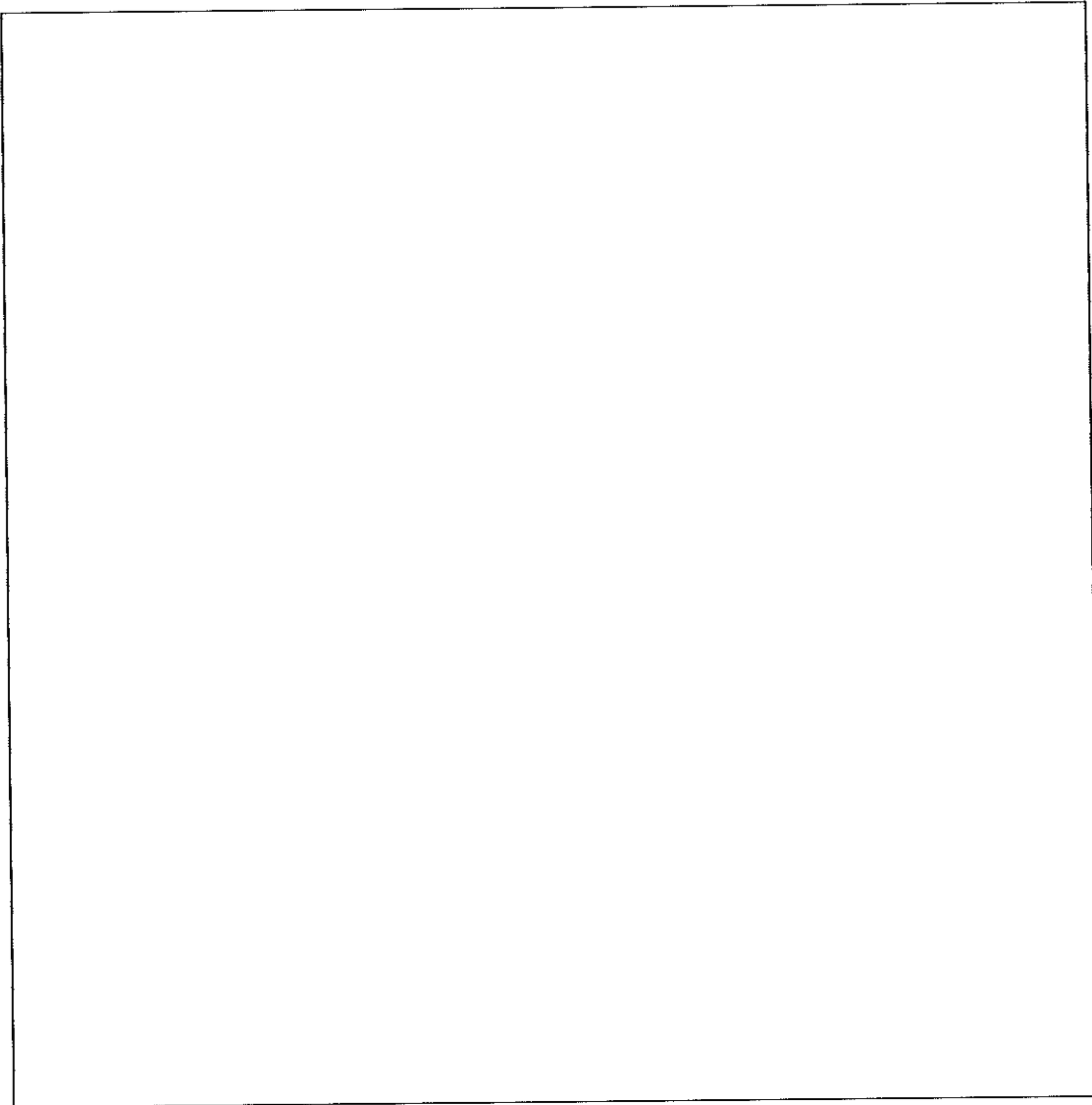
#### Learning activity: Zelda's staff

Refer to the marketing plan in Appendix 1.

Zelda's Espresso requires 5–8 full-time staff plus casuals to run the cafe (see 2.4 Service Offering). At any given time there needs to be a cafe manager present, staff member preparing focaccia and other food, making coffees, serving customers and waiting tables.

Consider you are the marketing manager. You have a team of three marketing officers that work with you to ensure marketing strategies are implemented by the organisation.

In the space provided below, outline the various skills and roles needed by each person to market the cafe. Be aware that the frontline staff at each cafe often have a great deal of influence in marketing the cafe.



## Develop and measure marketing performance

---

The successful implementation of a marketing plan necessitates constant monitoring, measuring and evaluating. This ensures that your organisation is developing a marketing program that promotes sustainable growth throughout its life cycle and responds to changes in the market and shifts consumer sentiment. The successful implementation of a marketing plan necessitates constant monitoring, measuring and evaluating. This ensures that your organisation is developing a marketing program that promotes sustainable growth throughout its life cycle and responds to changes in the market and shifts consumer sentiment.

### Measuring performance

Marketing metrics are a set of measures that are used to determine an organisation's marketing performance. They are used to analyse effectiveness and efficiency of marketing activities and identify possible improvements. To effectively achieve this aim, the chosen metrics should reflect the organisation's industry and strategic position at a

point in time. Again, metrics should be tied to the overall mission and strategy of the organisation, and should examine the following elements.

- return on market investment (ROMI)
- customer satisfaction
- market share
- brand equity.

### Return on market investment (ROMI)

ROMI seeks to determine the profit generated as a result of marketing investment. This can be determined by the following formula, and may be used to determine the ROMI for the entire organisation or a discrete set of products.

$$ROMI = \frac{\text{incremental revenue attributed to marketing}(\$)}{\text{marketing spending}(\$)}$$

### Customer satisfaction

If customers are not satisfied with an organisation, they will eventually find another organisation that meets their needs making customer satisfaction vitally important to an organisation. Poor customer satisfaction is usually an indicator of future decline, even if the current situation is positive.

### Market share

Market share refers to the organisation's revenues as a portion of the total revenue generated for that market. Market share can be determined by comparing total sales of the organisation to total sales across the industry, or by identifying the organisation's respective share of usage by consumers.

The following formula gives an idea of market share.

$$\text{market share (\%)} = \frac{\text{company revenues}(\$)}{\text{total addressable market}(\$)}$$

More specific metrics may be used to determine market share vary, and should be specific to the market and organisational strategy.

### Brand equity

This is the intangible value added to a product because of the brand it bears. This may be acquired through effective marketing, to the extent that the brand becomes synonymous with the product, for example, Kleenex for tissues or Blu-tack for re-usable adhesives. Brand equity may be determined on three levels: the organisational level, product level and consumer level. At the organisational level, the value of the brand as an intangible asset is determined by:

$$\begin{aligned} \text{firm value} - (\text{tangible assets} + \text{'measureable' intangible assets}) \\ = \text{brand equity} \end{aligned}$$



The second level is the product. This may be determined by comparing the price of equivalent branded and 'no-name' products, assuming that all other variables are controlled. Revenue should also be considered, to better understand the value of brand equity at the product level.

The third level to consider when determining brand equity is that of the consumer. At the consumer level, you should consider the organisation's 'mind share', i.e. how aware consumers are of the organisation's brand. This may be determined by the formula:

$$\frac{\text{respondents with unaided awareness}}{\text{total respondents}} = \text{mind share (\%)}$$

#### Example: Marketing metrics and return on investment (ROI)

Imagine a marketing program in an accounting company. The marketing program promotes the company's services and, to a lesser extent, the organisation.

The program has four objectives, with a specific budget for each goal:

Generate service reviews in the accounting trade press (\$50,000).

1. Try to receive news exposure (company and services) in the accounting trade press (\$60,000).
2. Participate in three exhibitions/trade shows this year (\$200,000).
3. Write six speeches per year for the CEO (\$30,000).
4. TOTAL: \$330,000.

For this program to continue next year, there are two main measurement questions:

#### Is it profitable?

Does the total program pay for itself? That is, does it produce at least \$330,000 in revenue to the company? This is the question that a CEO or sales/marketing manager is most likely to ask about the marketing program. The answer to the question will determine whether the marketing program should continue in its current form or if the money should be used in a different way?

The size of the organisation will determine whether which stakeholder in the company will be trusted with the decision to continue with this marketing program (a sales and marketing manager may make this decision for a large organisation, while the CEO would probably make this decision for a smaller organisation).

#### Is it optimised?

How well optimised is each part of the marketing program? That is, is each part set-up so as to generate the maximum possible results?

**Tip: Understanding marketing metrics**

It can often be confusing trying to understand marketing metrics and the formulas listed above. For more information, you can access Joseph Roy's 2009 article 'Marketing Metrics and ROI', available online via <<http://www.marketing-metrics-made-simple.com/support-files/marketingmetricsandroi-smallbusinessedition-20091007.pdf>>.

**Value chain analysis**

A value chain analysis helps an organisation harness its strengths. A value chain analysis is a process popularised by Michael Porter in *Competitive Advantage: Creating and Sustaining Superior Performance*<sup>11</sup>. A value chain is a series of interlinked, value-adding activities that convert input into output which, in turn, add to the bottom line and help create competitive advantage.

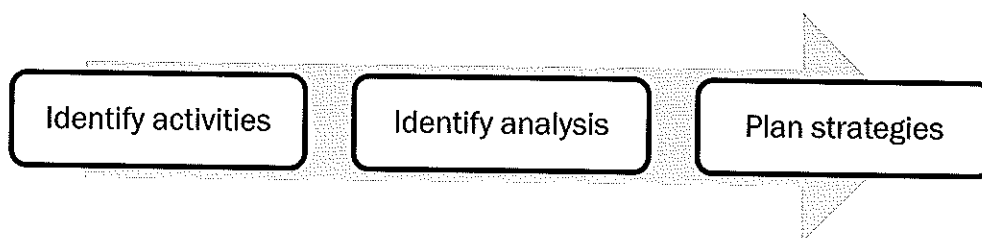
Products pass through all activities of the chain in order, and the product gains value at each stage. The purpose of each stage in the value chain is to create value for the customers to pay a price that exceeds the cost of producing the product and therefore generating a profit.

A value chain consists of core (primary) activities, which contribute directly to the delivery of a product or service. These core activities include inbound distribution, manufacturing operations, outbound distribution, marketing, selling and after-sales service. Then there are support activities that underpin the primary activities, such as purchasing, procurement, technology, research, human resource development, infrastructure and systems.

**Conducting a value chain analysis**

There are opportunities for your organisation to create a competitive advantage if you can manage any of these stages better. For example, a hotel may perform better if it directs more attention towards the customer service component of their value chain.

Conducting a value chain analysis involves three steps:



1. Identify activities – Break down your organisation's processes involved with providing the customer a product or service into individual activities.
2. Identify values – For each activity, determine the value to the customer.
3. Plan strategies – Evaluate what changes could be made to increase your organisation's competitiveness by maximising value for customers.

<sup>11</sup> Porter, M., 1998, *Competitive advantage: Creating and sustaining superior performance*, 2nd edn, Free Press, New York.

**Learning activity: Value chain analysis**

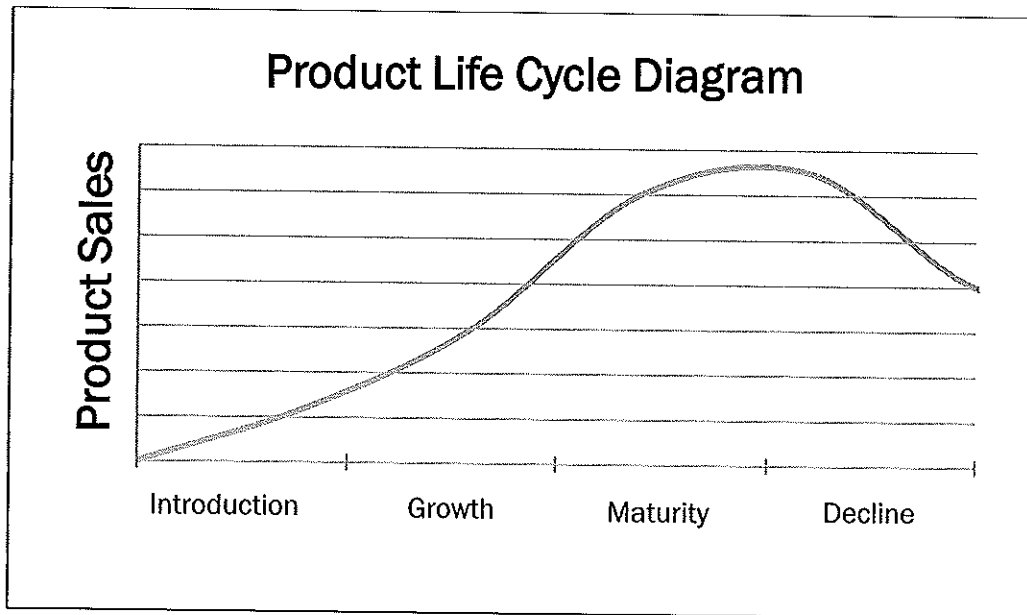
Consider your current workplace, or the training organisation you are currently enrolled with, and conduct a value chain analysis using the steps outlined above. You may wish to read a more in depth description of each step in the article 'Value chain analysis: Achieving excellence in the things that really matter' available at [http://www.mindtools.com/pages/article/newTMC\\_10.htm](http://www.mindtools.com/pages/article/newTMC_10.htm).

**The product life cycle**

A product goes through different stages which can be labelled as 'Introduction', 'growth', 'maturity', and 'decline'. These stages considered together represent a product's lifecycle.

Marketing can target a range of products (a brand), a single product, or the organisation as a whole. Your marketing approach should vary according to what it is that the organisation wishes to market. Your marketing may also need to vary based on the life cycle of a product. A new product will require a different approach compared to an established product. For example, you can focus more on the proven value of an established product, whereas, efforts need to be focused on convincing customers of the value of a new product.

Consideration needs to be given to the product life cycle, which allows you to decide how and when to emphasise different parts of the marketing mix according to stages in the product life cycle. The stages of the life cycle relate to how they perform in the market place as shown in the diagram below.



These stages are relevant to your development of marketing strategies and your marketing plan as follows.

- **Introduction** – The strategies that organisations employ when a new product is introduced to the market are many and varied. Generally, organisations advertise and market their products heavily during this stage in an attempt to rapidly build brand awareness. The campaigns focus on the market segments that were identified during the planning process. Public relations activities also continue in order to ensure the right message is reaching the right markets.
- **Growth** – The growth and development of marketing campaigns will vary greatly depending the objectives of your organisation. Once brand awareness is established, spending on marketing activities generally cools off and remains stable in order to build sustainable growth. During the growth stage, many organisations choose to advertise in bursts for budgetary reasons and in response to changes in the market.
- **Maturity** – Generally, when a product or brand reaches maturity, it has reached its peak in the market and is not vulnerable to sharp rises or drops in sales. The receptiveness of the market and product/brand awareness needs to be constantly monitored in order to respond to any changes in public opinion or consumer needs. Marketing campaigns continue, but there are only fluctuations in intensity in response to specific market trends.
- **Decline** – As a product reaches the end of its life cycle, as most products do, marketing activity and spending also decrease in response. There is little reason to continue spending in promotions if the market is no longer receptive to the product or the organisations core activity.

**Learning activity: Product life cycle**

Look at the Amazon.com website <<http://www.amazon.com/>> and identify at least one product that for each stage of the product life cycle (from any product category). Explain how the marketing approach varies based on the product's stage of the life cycle.

**The balanced scorecard approach**

The balanced scorecard approach (BSC) is a performance measurement system that is used by many organisations in Australia. It informs managers and employees of current progress and goals for the future success of the marketing strategy. It also facilitates communication on the critical issues being faced.

The balanced scorecard approach provides feedback about both internal processes and external outcomes to help you monitor and continuously improve your strategic performance. The bottom line for all marketing strategies is to make revenue for the company. However, to achieve long-term financial stability, there are many factors and variables to consider in the short-term. The BSC not only monitors the financial perspectives of the marketing effort but also includes customer satisfaction, your organisation's internal business processes and the aspects of learning and growth that you must embrace.

Those four factors are:

- financial perspective:
  - cost structures
  - utilisation of assets
  - suppliers.
- customer perspective:
  - competitive pricing
  - after-sales service
  - accessibility.
- internal business processes:
  - employees with technical skills
  - internal communications
  - up-to-date technologies.
- learning and growth:
  - cultural understanding
  - innovations
  - identifying new markets.

Each one of these factors can be monitored by a set of measuring tools if you desire, e.g. return on market investment (ROMI) to measure your financial position. The balanced scorecard provides an overall snapshot of the marketing strategy. It can take many different forms and templates.

#### Learning activity: Performance measurement systems

Using the websites below and the information provided on the balanced scorecard approach, write a brief summary of the features and benefits of the balanced scorecard as a performance measurement system.

- Advanced Performance Institute, 2010, 'What is a Balanced Scorecard?', viewed July 2011, <<http://www.ap-institute.com/Balanced%20Scorecard.html>>.
- 2GC, 2010, 'Balanced Scorecard – an introduction', viewed July 2011, <<http://www.2gc.co.uk/balancedscorecard>>.
- Balanced Scorecard Australia, 2010, 'About the Balanced Scorecard', viewed July 2011, <<http://www.balancedscorecardaustralia.com/about-balanced-scorecard/about-the-balanced-scorecard-detail>>.

## Establishing performance standards

Performance standards are known as key performance indicators (KPIs), which are measureable goals against which actual performance can be compared. KPIs provide everyone in your organisation with a clear picture of what is important in order to make your marketing efforts successful and they help define each person's role in making that happen. They also help employees visualise the progress being made.

KPIs can be organisational or individual. On an organisational level, KPIs are typically tied to a company's marketing strategy and are used to help an organisation define and evaluate how successful it is. When properly developed, KPIs should provide all staff, contractors and partners with clear goals and objectives, coupled with an understanding of how they relate to the overall success of the organisation. Published internally and continually referred to, they will also strengthen shared values and create common goals.

Key	Performance	Indicator
<ul style="list-style-type: none"> <li>• Make or break component</li> </ul>	<ul style="list-style-type: none"> <li>• Measurable and quantifiable</li> </ul>	<ul style="list-style-type: none"> <li>• Provides information usable for future performance</li> </ul>

### Learning activity: Creating value at Lloyds Bank

Analyse the principles adopted by Lloyds Bank under the leadership of Sir Brian Pitman to create shareholder value.

Determine what deliberate steps they took to achieve their objectives.

Use the following links to get you started.

- Bose, P., Morgan, A., 1998, 'Banking on shareholder value: An interview with Sir Brian Pitman, Chairman of Lloyds TSB', *McKinsey Quarterly*, no. 2, extract available online at Questia, viewed July 2011, <<http://www.questia.com/googleScholar.qst;jsessionid=Mb4QpYb8w1QzJjqKXShF2gh82QqxqSbQf6RXJ6QSpKH4QVRJ5sSTI-1933696167I-2125728430?docId=5001365675>>.
- Marakon, 2010, 'Marakon mourns the loss of Sir Brian Pitman', *Marakon*, viewed July 2011, <[http://www.marakon.com/brian\\_pitman.asp](http://www.marakon.com/brian_pitman.asp)>.

## Taking corrective action

Your evaluation of performance of marketing activities against the established indicators may reveal discrepancies between intended performance and actual results achieved. Effective research and planning should decrease the likelihood of this being the case; however, corrective action should be planned in the event that gaps are exposed. These are known as performance gaps. To improve actual performance, you may have to implement more effective ways of coordinating your marketing efforts. The first step is to ask a series of questions.

- What is causing the lack of performance?
- Have we set the wrong benchmark or performance standard?
- Are our performance expectations unrealistic?
- How significant is the issue and its impact on current business?
- Have we given enough time to achieve results from marketing initiatives?

When the problem or catalyst for the performance gap is identified only then can you begin to suggest corrective action. For example, if your marketing performance expectations have been set too high, then you will need to determine what is realistic and reset the benchmarks accordingly.

If you have been able to identify a problem that is affecting performance then identify the three most important issues driving the lack in performance. Focus on what can be implemented for the lowest cost and still achieve results.

### Example: After-sales warranty

A KPI for a company's after-sales warranty repairs service may be to reduce the turnaround on repairs to ten working days but the actual time on average is 13 working days with some repairs taking as long as 15 working days. Their main competitor has a ten working day policy which they achieve on 90% of repairs. The delays have been caused by two factors:

- the reliability of the courier
- the demand for repairs.

Corrective action could be to employ one more technician and to contract a different courier company.

It is essential to build opportunities for review and analysis of marketing progress into the marketing plan. Building in opportunities to review progress ensures that dealing with obstacles or problems does not result in an unexpected barrier to progress. A low risk marketing activity may require less time budgeted for review than a high risk activity. When planning for review, consider the level of risk you have identified will be associated with the marketing activity (see page 25 to review identifying risk).



## Budget for marketing activities

Senior management needs to ensure the appropriate resources are allocated in the budget for the effective implementation of the organisation's marketing plan. Resource allocation cannot be a one-off event, and needs to be monitored and updated in order to support the ongoing implementation and development of the marketing program.

The resources needed are not only finances for the costs of the promotion or advertising, but can also include:

- human resources
- professional development
- legal advice
- reference materials
- print media
- membership fees
- infrastructure changes
- technology.

Marketing managers sometimes make the mistake of not taking the time to assess and adequately estimate their resource needs. Overlooking this step can result in the failure of the marketing program.

Here are some questions to ask when assessing your resource needs.

- How will the marketing program affect our employees' productivity?
- Can our existing resources cover the implementation of the marketing program in addition to our normal daily work? If not, then what additional resources do we need?
- Do we have the right personnel to implement the marketing program? If not, what type of professionals do we need and how much will it cost to fill those positions?
- What new skills will employees need to fulfil marketing objectives? What specific training will they need? How much will that cost?
- What new management systems need to be developed to support the marketing program? How much will that cost?
- What new technologies are needed to support the marketing program? How much will that cost?

One of the most critical aspects of planning for implementation is the management of the expenditure for the project. The marketing manager is expected to monitor and report on all financial activity related to the budget, as well as recommend ways to handle cost overruns where possible.

Some key areas to consider when reviewing expenditure are:

- allocated costs
- capital expenditure
- labour costs
- cost of materials and supplies
- overhead costs
- sub-contractor costs.

Different industries have different standards for the items included in the budget. A good way to check standard costs marketing activities within your industry is to review the budgets of past marketing activities conducted by the organisation. Another option is to

research projects of a similar nature, and the expenses they involved. When undertaking research, it is particularly important to note areas where cost overruns occurred and implement measures to avoid similar budget overruns during your implementation program.

One of the most common approaches to budgeting in marketing management is 'bottom-up' budgeting. This is where the cost of each individual item, task or activity is calculated independently of the others. Then each individual cost is combined to find the total budget. The strength of this approach is that, as long as all areas of expenditure are identified and considered, there shouldn't be any hidden costs.

The opposite budgetary approach is top-down, which starts with a fixed amount, which is then broken down by department or task. When building a home, for example, a fixed budget is usually identified before the project is planned. In the business environment, a feasibility study can be used to give an indication of the likely size of a budget, before a project concept plan is developed.

Example: Project budget			
Project Name:			
Income	Incl GST	Excl GST	
Stage 1	\$5,000		
Stage 2	\$5,000		
<b>Total Income</b>			
Expense	Incl GST	Excl GST	
Design	\$600		
Development	\$5,000		
Graphics	\$300		
QA 1	\$300		
QA 2	\$400		
Editing	\$700		
<b>Subtotal</b>			
Contingency (+10%)	\$1,000		
<b>TOTAL</b>			
Project sponsor:	Project manager:	Project client:	
	Version: 1	File Name: RiskPlan.doc:	Page 1 of x
	Date:		

## Section summary

---

You should now understand the principles involved in implementing the marketing plan including how to set objectives, budgets and appoint roles to team members, all the while ensuring that marketing activities comply with ethical and legislative requirements.

## Further reading

---

- Fletcher, R. and Brown, L., 2008, *International marketing: An Asia-Pacific perspective*, 4th edn, Pearson Education, NSW, Chapter 10.
- Elliot, G., Rundle-Thiele, S., Waller, D., Paladino, A., and Pride, W., 2007, *Marketing: Core concepts and applications*, 2nd Asia-Pacific edn, John Wiley and Sons, Sydney, Chapters 8–15.

## Section checklist

---

Before you proceed to the next section, make sure that you are able to:

- ☒ ensure marketing tactics meet legal and ethical requirements
- ☒ determine marketing mix strategies
- ☒ determine performance review strategy
- ☒ develop implementation tactics.

## Section 3 – Elements of a Marketing Plan

This section is about developing a marketing plan for your organisation. It reviews the main aspects of marketing and helps you determine a format for your marketing plan. It will also assist you in reviewing your marketing objectives evaluating marketing opportunities.

### Scenario: Creating the Marketing Plan

Now that Laila and her team have investigated new opportunities for Zelda's Espresso and developed a marketing strategy, the next step is to develop a communication strategy so that everyone in the organisation is moving in the same direction. This can be achieved by creating a marketing plan. Understanding what to include in the marketing plan is vital as her main aim is to inform everybody of the fantastic opportunities that await the business heading into the future. The CEO and other key stakeholders have heard good things and are eagerly awaiting the completion of a new marketing plan.

### What skills will you need?

In order to develop a marketing plan, you must be able to:

- ☒ describe the main sections of a marketing plan
- ☒ understand what information needs to be included in a marketing plan
- ☒ write the marketing plan to suit the needs of the organisation and key stakeholders.

### The marketing plan

As mentioned in section 1, a marketing plan is a document that outlines the strategic marketing objectives of an organisation and explains all the activities needed to implement marketing strategies. It becomes the basis for internal communication, distribution of tasks and responsibilities, and allocation of resources.

There are different ways you can put a marketing plan together. One possible structure is shown below:

Executive summary	An overview of all essential elements of the plan
Situation analysis	An analysis of the about the market environment and marketing context – often includes SWOT or PEST analysis.

<b>Marketing objectives</b>	The desired outcomes of the marketing campaign as defined in the mission statement.
<b>Marketing strategy</b>	The methods selected to achieve marketing goals and justification for what, who, when, where and why
<b>Financials, budgets and forecasts</b>	This section will offer a financial overview of the company in areas that affect marketing activities. This can include financial tools such as break-even analysis, sales forecasts and expense forecasts in order to evaluate how the results influence the marketing strategy.
<b>Marketing implementation and control</b>	Implementation guidelines, timeframes, tasks, responsibilities and monitoring

Marketing managers should be constantly aware of the objectives stated in the marketing plan, and direct all marketing efforts toward the achievement of these goals. Let's now have a look at some of the elements of the marketing plan in greater detail.

## Executive Summary

*'The Executive Summary is where you tell your story. The rest is just detail...'*

The executive summary offers the reader an overview of the marketing plan's essential information. It is designed to be read by stakeholders who may not have time to read the whole report or are deciding if it is necessary. With this in mind, the executive summary should be written to say as much as possible in the fewest amount of words.

You need to make sure it is self-sufficient and can be understood in isolation from the rest of the plan. You will usually write the executive summary last so that it accurately reflects the content of the report. It is often about two hundred to three hundred words long. The executive summary tends to emphasise the organisation's competitive advantage and unique selling points. A good executive summary is vital because some people may read no further.

An example of an executive summary can be written as follows:

### Executive Summary

Penny's Pasta will be the leading gourmet vegetarian and seafood pasta restaurant in Fitzroy with a rapidly recognised brand and emerging customer base. The premium pasta dishes are created with quality ingredients sourced from Victoria. Penny's Pasta also serves amazing salads, desserts, and beverages.

Penny's Pasta is determined to make the pasta experience for individuals, families, and take out customers a unique experience by selling high quality products at a reasonable price, designing tasteful food, convenient locations, and providing unbeatable customer service while supporting local growers and producers of quality ingredients.

In order to grow rapidly with our objectives, Penny's Pasta is offering an additional \$200,000 in equity. Current members will be given the first option to subscribe to the additional equity and thereafter we welcome all prospective new investors.

## Situation analysis

The situation analysis includes an analysis of both internal and external environments. The external environment involves macro-environmental factors that broadly affect many companies and the internal environment involves micro-environmental factors that affect the specific situation of the company.

The situation analysis should include past, present, and future prospects. Future directions are largely determined by trend analyses, which reduce the chance of introducing a product to the market only to find that the need no longer exists.

You will have conducted a situation analysis in your planning stages using a SWOT analysis, five forces analysis, gap analysis, and other tools covered earlier in the Student Workbook. The situation analysis in the marketing plan is where you document the results of such analyses as they relate to the environment and market the organisation is operating within.

In the situation analysis, you should document any gaps between what consumers want and what is currently available to them that have been revealed during your planning stages. The situation analysis should provide a summary of problems and opportunities.

Your company will need to analyse its own capabilities and compare them with the market opportunities identified, in order to measure its capacity to satisfy customer needs.

### Example: Zelda's Espresso SWOT analysis

The following SWOT analysis captures the key strengths and weaknesses of Zelda's Espresso and describes the opportunities and threats facing the company. These will be documented in the situation analysis section of the marketing plan.

#### Strengths

- Excellent staff that are highly skilled at food preparation.
- Great retail space that is functional and efficient for a commercial urban district.
- High customer loyalty among repeat customers.
- Fast food product that exceeds competitors' product in quality, speed and accessibility.

**Weaknesses**

- A limited marketing budget to develop brand awareness.
- The struggle to continually appear innovative in a stable product market.

**Opportunities**

- Growing market with a significant percentage of the target market still not aware that Zelda's Espresso exists.
- Increasing sales opportunities in office workers.

**Threats**

- Competition from local cafes that are responding to Zelda's Espresso's fast service.
- Pre-made focaccia cafe chains plan to tap in to the Clayfield market.
- A slump in the economy reducing customer's disposable income to spend on eating out.

**Learning activity: Starbucks SWOT analysis**

Examine the SWOT analysis at the website listed below and suggest ways that Starbucks could address their weaknesses and how you would document these in the marketing plan.

- 'SWOT Analysis Starbucks', *Marketing Teacher*, viewed July 2011, <<http://www.marketingteacher.com/swot/starbucks-swot.html>>.

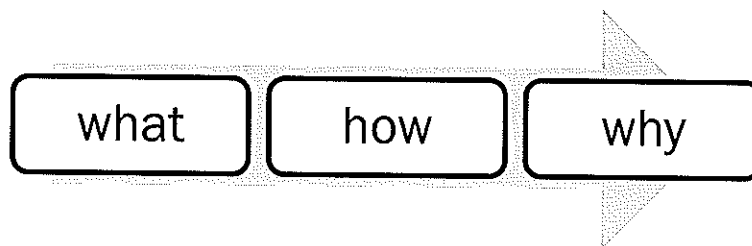
## Marketing strategy

Once a situation analysis has been created and the business has discovered an opportunity to satisfy consumer needs, you will need to establish a strategy to assist you in exploiting that opportunity to your best advantage. The strategy will need to be based on sound market research, and you should be able to outline your strategy to cover the following areas:

- mission
- marketing and financial objective
- target Market audience target
- positioning and the marketing mix
- product development and marketing research.

### Mission statement

To ensure that you communicate your marketing strategies in a way that addresses the mission of the organisation, you should relate your strategies to the organisation's mission in this section of the marketing plan. If your organisation does not already have a documented vision and mission, you should develop an appropriate mission using the following three considerations.



#### 1. Describe what your organisation does.

State the things that your company does. It is possible to extract this from your vision statement, such as:

- Provide a reliable and affordable nappy service.
- Provide affordable and professional driving lessons.
- Provide a memorable catering experience.

#### 2. Describe how you do it.

List some of the core values that are important to the organisation and are expressed in the way the organisation will do business. Here are some examples of values that might be of use when you write a mission statement:

- quality products
- superior customer service
- protecting the environment
- affordability
- equal access
- innovation and creativity
- sustainable development.



Focus on your business' core competencies. Which core values are the most important with respect to these competencies? Add one (or two at the most) to your description of what your company does.

By incorporating the previously mentioned values, mission statements would begin to read in ways such as:

- provide an affordable nappy service with superior customer service
- provide affordable and professional driving lessons with a special focus on driver safety
- provide memorable catering with a special emphasis on personal consultation
- provide innovative educational services
- grow produce using environmentally responsible and sustainable farming practices.

### 3. Describe why you do it.

Why does your organisation do what it does? Reflect on why the business was established. What justifies the organisation's existence? What motivates its stakeholders?

If the organisation adds their company name and the reason why they do what they do, the mission statements begin to sound like the following examples.

- Miss Dorothy's Nappy Service's mission is to provide an affordable nappy service with superior customer service, alleviating the everyday pressures faced by young mums and dads.
- Affordable Driving School's mission is to provide affordable and professional driving lessons with a special focus on driver safety by helping young people grow in confidence and integrate into the workforce.
- Unforgettable Catering's mission is to provide memorable catering experience with a special emphasis on personal consultation so that clients will celebrate those special moments in their life in a remarkable way.

#### Example: Jazz's Restaurant and Bar

##### Vision

Jazz's Restaurant and Bar is recognised as the most frequented, reliable provider of quality food, entertainment and family dining in our community, making our customers our best advocate through their experience of our unparalleled service and unforgettable cuisine.

##### Our Mission

- provide high product quality
- provide an innovative decor and dining ambiance
- provide high service delivery
- create a strong community responsibility.

Jazz's is committed to continuing the development of our capabilities in cuisine; production and service through proactive programs for staff, suppliers and business partners which actively support best practice standards and dining innovation.

#### Learning activity: On a mission

Write a mission statement describing how a mobile phone company will achieve its vision. *Its vision is to be a leading mobile phone retailer with an unprecedented level of customer satisfaction within the next 5 years.*

Now describe some marketing activities that would suit the company by relating describing how the marketing activities relate to the company's mission.

### Marketing and Financial Objectives

This section basically explains to your key stakeholders what your organisation is trying to achieve (usually over the next financial year).

As outlined in earlier in the workbook, your objectives must be specific and measurable.

Your goal might be to strengthen your market share in Australia. An objective would be to achieve a 15% increase in sales of Mobile Phones within 12 months.

If these objectives are successfully communicated within the organisation then everyone can move in the same direction with the same aim in mind.

### Target Marketing

It is important to be able to clearly describe who your marketing strategy will be targeting – it might be the same target market that you've been addressing for years, or the target may have changed.

The target audience for the traditional media portion of your marketing and that of your online initiatives may be different.

An example of target marketing statement can be found in the marketing plan that is located in the appendix.

#### Learning Activity: Target market

Imagine you are a marketing manager for Apple in Australia. They have just released their latest 'Iphone Extreme'. Identify three different markets that the organisation may target, and describe how the marketing strategy might differ for each market.

### Positioning and the Marketing Mix

The marketing plan will need to outline which elements in the available marketing mix are most appropriate. By addressing the four P's of marketing (product, price, promotion and placement) you will be able to send a controlled message to your target market through these activities and materials that are appropriate for the company as a whole.

Consequences of not having a fully developed marketing mix will often result in a campaign that is not integrated and that sends mixed messages to the customer. Some of the things the marketing mix will focus on may include the specific media you will use, the public relations activities you will develop, the direct mail programs you will create, the web presence you will have, the collateral materials you will produce, the publicity events you will hold, the channels you will explore to accomplish objectives, and so on.

**Tip:** For more information regarding the marketing mix, as well as a case study on how Kellogg's have developed their own, simply visit the following website:

'Marketing mix (price, place, promotion, product)', *The Times 100*, viewed July 2011, <[http://www.thetimes100.co.uk/theory/theory-marketing-mix-\(price-place-promotion-product\)-243.php](http://www.thetimes100.co.uk/theory/theory-marketing-mix-(price-place-promotion-product)-243.php)>

### Product Development and Marketing Research

This section of the marketing plan addresses the way the organisation plans on receiving feedback on their products/services and what they plan to do with that information. Most organisations should plan on adjusting and developing their products to suit the needs of their market where possible. Consequences for not developing your product can lead to unsatisfied customers who are not willing to pay for inferior or obsolete products/services.

#### Learning Activity: 3M

3M are global corporation who are known for their innovativeness and their ability to develop products to suit the changing needs of their customers. Visit their website and find three products that appeal to you and identify how they have they changed from when they were first created to the way they are sold now.

*For example, post it notes now come in a variety of colours and sizes, whereas when they were first created only came in yellow.*

## Financials, budgets and forecasts

The purpose of a marketing budget is to determine the revenue and costs involved of marketing into one comprehensive document. It is a valuable tool that balances what is needed to be spent against what can be afforded, and helps key stakeholders make choices about priorities. It is then used in monitoring performance in practice.

The 'bottom line' of the marketing strategy should include the gross profit. There are a number of separate performance figures and key ratios that can be used to document how the marketing budget will affect the running of the organisation as a whole, for example:

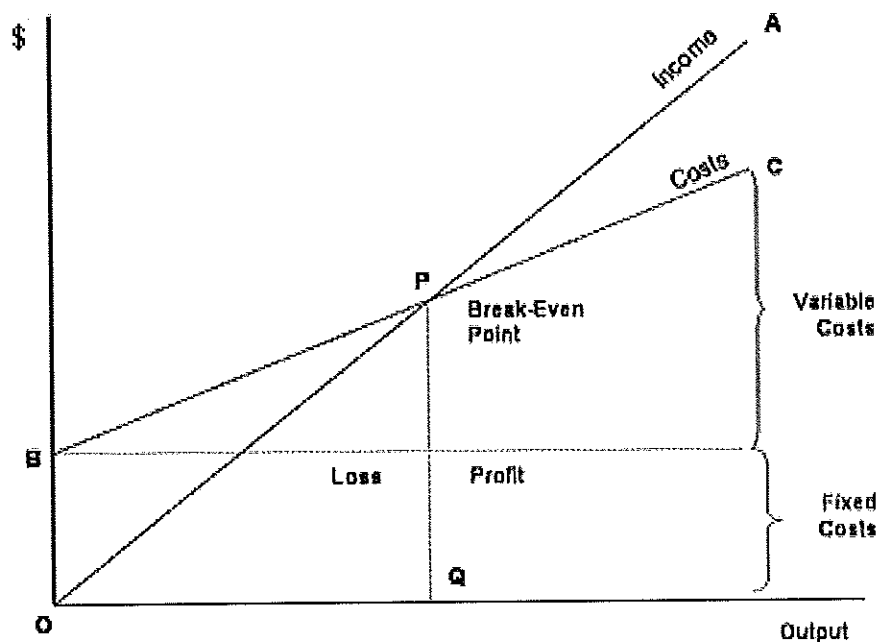
- break even analysis
- sales forecasts
- expense forecasts.

### Break Even Analysis

Used to determine the point at which revenue received equals the costs associated with producing and marketing the item. Break-even analysis is often used to calculate the margin of safety, which is the amount that sales generated exceed the break-even point.

For example, if it costs \$20 to produce a mobile phone, and there are fixed costs of \$2,000, the break-even point for selling the mobile phones would be:

- If selling for \$100: 25 Phones (Calculated as  $2000/(100-20)=25$ )
- If selling for \$150: 16 Phones (Calculated as  $2000/(150-20)=15.4$ )



## Sales Forecast

A prediction of the number of units of product or service the organisation will sell within a particular time period and at a specific price.

For example, if a mobile phone company expects to sell 40,000 mobile phones next year at \$100 per phone, then they will expect to generate \$4,000,000 worth of sales.

A sales forecast will usually also include seasonal variations, such as a sales spike before Christmas.

## Expense Forecast

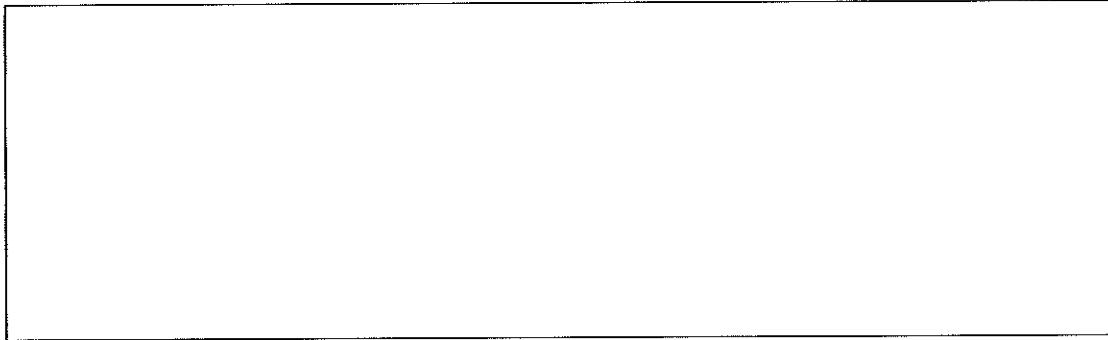
Expense forecasting in a marketing plans tend to focus on simply how much it will cost the organisation with regards to marketing expenses.

For example, to generate \$4,000,000 worth of phone sales, the organisation will need to spend \$300,000 on television commercials, \$100,000 in print media, and \$100,000 on internet media and direct mail advertising. This would result in \$500,000 being needed for the marketing expense.

### Learning Activity: Financial forecasting

Outline your thoughts as to why financial budgeting and forecasting plays such an important role in marketing. What could be the impact on the organisation if the budgeting was severely inaccurate?

If an organisation that sold hot dogs at \$2 per hot dog, had a marketing budget of \$80,000, fixed costs which totalled \$15,000 per year, and a variable cost of \$0.50 per hotdog sold, how many hotdogs will they need to sell to break even?



## Marketing implementation and control

Implementation involves setting the marketing plan in action, from procuring the required resources, to launching the products or services and performing ongoing review and evaluation of the marketing activities. As the market changes, the marketing mix may need to be adjusted to accommodate changes and ensure the product continues to meet consumer needs.

When monitoring the general direction of the organisation's marketing activities, it is important to be able to track milestones at consistent intervals, as well as having a contingency plan in place to keep things steady when things may require attention.

Typical elements found in this part of the marketing plan are:

<b>Implementation milestones and measures</b>	<p>Where the steps and goals of your marketing plan are listed and what metrics are associated with those goals. For example you might decide that increasing customer acquisition by x% is a key goal. The tactics should be broken into individual items and plotted on a timeline so they can be tracked on a regular basis.</p>
<b>Marketing assistance</b>	<p>Sometimes an external marketing firm may be brought in to assist in supporting an organisation's key objectives. This can save an organisation the time and resources of hiring casual or temporary staff members, as well as having confidence knowing that a marketing firm will already have well trained staff on hand. Services can range from generating feedback from various markets, through to designing graphics, branding and developing the marketing strategy.</p>
<b>Contingency planning</b>	<p>This is action you take 'just in case', 'plan b'. A monitoring system may hint that there is a problem looming that is deemed to be serious enough to warrant contingency action. In many cases the contingency action would be guided by the risk analysis you have performed.</p>

**Learning Activity: Financial Forecasting**

Outline your thoughts as to what can happen if a contingency plan is not created with respect to a marketing strategy.

Imagine you had a \$100,000 budget for advertising on late night television spaced out over a period of 12 months. After the first three months you have noticed that sales have not increased by any significant margin during that time...In fact, you are receiving feedback that people are beginning to take a dislike to your commercials.

What are some contingencies you could have in place to address this problem?



## Section summary

---

You should now understand the basic elements of developing a marketing plan for your organisation. This includes how to create an executive summary, situation analysis, marketing strategy, budgetary analysis and the implementation of the plan. It is important to remember to tailor the marketing plan to fit with your organisation's mission and objectives.

## Further reading

---

- Fletcher, R. and Brown, L., 2008, *International marketing: An Asia-Pacific perspective*, 4th edn, Pearson Education, NSW, Chapter 1.
- Elliot, G., Rundle-Thiele, S., Waller, D., Paladino, A., and Pride, W., 2007, *Marketing: Core concepts and applications*, 2nd Asia-Pacific edn, John Wiley and Sons, Sydney, Chapters 1 and 2.

## Section checklist

---

Before you proceed to the next section, make sure that you are able to:

- ☒ describe the main sections of a marketing plan
- ☒ understand what information needs to be included in a marketing plan
- ☒ write the marketing plan to suit the needs of the organisation and key stakeholders.

## Section 4 – Preparing and Presenting a Marketing Plan

This section is about the writing the marketing plan and how to present it to your organisation. It also includes a section on engaging stakeholders as well as developing effective communication.

### Scenario: Sell, sell, sell

The directors of Zelda's Espresso have asked Laila to present the marketing plan to them. No doubt Laila's presentation will involve requests for adequate sums of money to cover her proposed marketing budget, so Laila will be mustering all her charm and using her communication skills to get her plan across the line. Laila will need to prepare and practise her presentation and be ready to receive feedback from the directors as well as be able to answer their questions. This preparation will be vital if she is going to gain approval for her plan.

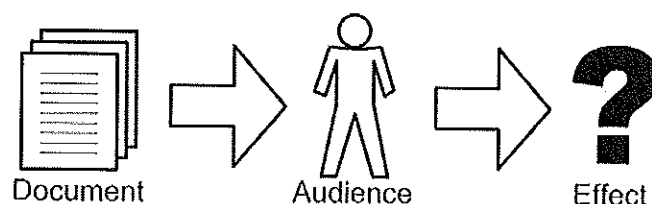
### What skills will you need?

In order to prepare a marketing plan and present it to your organisation, you must be able to:

- ☒ write the marketing plan
- ☒ present the plan
- ☒ engage with stakeholders and respond to feedback
- ☒ revise the plan.

### Write the marketing plan

The marketing plan becomes the basis for internal communication, distribution of tasks and responsibilities, and allocation of resources so it is important that it is well written and clearly communicates the necessary information to all who need it. For this reason, it is important to consider the audience for the document being produced, and tailor the language to suit the needs of that audience. Usually you want the person reading the document to have an active reaction after reading it.



Therefore, it is about creating an action. If the information is easy to read and understand because it has been clearly laid out, the message is delivered, and there is more chance that the action will be taken and the task completed. Therefore, your task in designing a document is to convey the communication to the reader as effectively as possible so that actions are taken. Some considerations you should keep in mind about the audience includes:

- what the audience needs to know
- their position in the organisation and ability to make decisions based on the document
- the most appropriate level of technical complexity of language
- education level
- prior knowledge of the topic
- level of interest in topic
- expectations of business report
- number and type of visual aids.

### Language for report writing

There are several key points to keep in mind when producing reports or any other type of complex business document. Being mindful of and adhering to these points will ensure that you develop a professional report that communicates the required information.

#### Be precise

- Use short sentences and be simple and direct. Avoid using excess words and cumbersome phrases. Express your meaning clearly and do not use cliches, jargon or ambiguous terms.

#### Be objective

- Present data impartially. Present facts separately to opinions and avoid using emotive terms. Make sure you have evidence to support opinions so that that you avoid making assumptions.

#### Be accurate

- Ensure your report is free of spelling and grammatical errors. Proof read your work carefully before finalising and presenting it.

#### Be impersonal

- Avoid the use of personal terms like 'I', 'my' and 'me'.

## Preparing to write the marketing plan

Your organisation may have report writing standards to which you must adhere. Check with a supervisor or colleague to make sure that you know about any organisational style guides that determine how an internal report should be written and laid out. This may include directions for use of company logos, headers and footers, page numbering, choice of font, font size and file naming protocols. If not, it may be helpful to look at previous reports to gain an understanding of what has been used in the past. You must then adapt these expectations or requirements to the particular needs of your audience.

Remember that this plan is essentially a working document that will be used by employees and stakeholders in many different ways to generate specific actions. It will remain a reference document throughout the implementation process, but in most cases it can be altered to respond to changes in the market or within the organisation.

Focus on the facts and concrete information from credible and reputable sources. It is important not to present too much raw data, without interpreting and contextualising it. Do not merely reproduce market information gathered by others, use the information to present a clear picture to those who will be reading the report.

Make sure the marketing plan remains concise, balanced and logical. Where possible use quantitative rather than qualitative information. Remember the KISS approach to planning (keep it simple, short and specific). Take time to link the sections of the marketing plan together so that it is easier to follow.

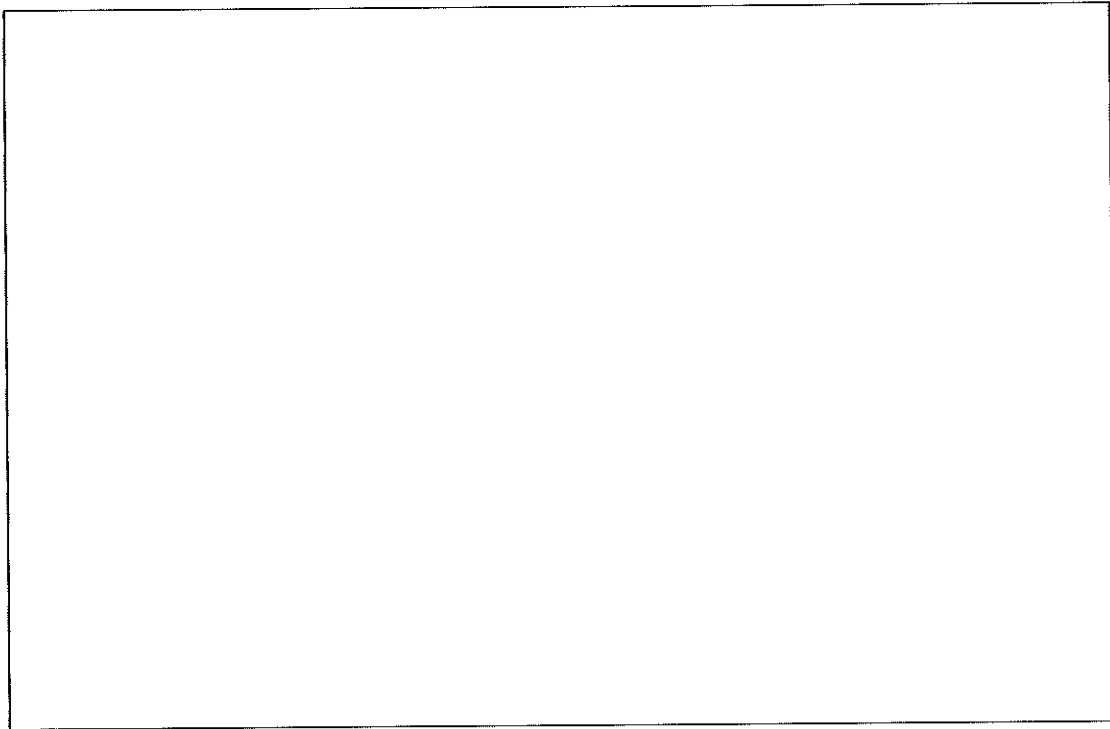
You should ensure your report follows all necessary guidelines, contains all the relevant information and is presented professionally. Have a colleague check your work for details you may have missed.

### Learning activity: Checklist

Use the checklist below to review the Zelda's Espresso marketing plan in the Appendix.

Item	✓
Does the title tell you what the document is about?	
Does the body of the report present information in a clear and logical order?	
Is the language used clear and precise?	

From reading the marketing plan in the appendix, are there any changes you would make that would help improve this document?



## Present the marketing plan

During the writing of the marketing plan it is helpful to continually ask yourself a set of questions that assist with the wording and structure of the document. The following questions fall into the five categories of comprehension, appropriateness, sustainability, feasibility and accountability.

- **Comprehension** – Are you satisfied the plan will be clearly understood by the majority of your audience?
- **Appropriateness** – Are you satisfied that the marketing directions proposed are aligned with the company's core values and mission?
- **Sustainability** – Are you satisfied that the marketing directions proposed are of a nature and quality that should ensure success in the future?
- **Feasibility** – Are you satisfied that:
  - the implications of the marketing directions proposed have been considered thoroughly?
  - implementation is possible?
  - goals, objectives and strategies are realistic, practically achievable, affordable and comprehensive?
- **Accountability** – Are you satisfied that:
  - management accountability is clearly defined?
  - management is adequately resourced and well prepared to implement this plan?
  - there is an effective action plan to remedy the situation if management fails with the implementation of the plan?

## Gaining management support

As with any strategic or marketing program that is implemented across an organisation, the two critical elements for success are:

- the support of senior management
- total team involvement.

Senior management sets the vision and provides the resources that allow the marketing plan can be implemented. The individual team members are the ones who are responsible for implementation and make the marketing plan a reality. In order to seek support for your marketing plan, you need to:

- provide an executive summary (clear overview of the marketing strategy)
- promote the benefits of the marketing plan
- have a draft plan for implementation
- highlight the projected return on investment
- provide case studies (examples of the successes of similar programs)
- build the case for your products or service
- set clear milestones for achievement of objectives
- be realistic about timeframes
- ask for participation in the planning process
- ask for a commitment of finance and resource
- be prepared to answer tough questions
- allow for flexibility in the plan to address changes required by management
- be solution-oriented and convinced of the plan's success.

## Stakeholder engagement

The implementation of your marketing plan will require a team effort. Effective team work is at the core of every successful organisation. As the marketing manager, you will be required to provide leadership to your team as well as adhere to the requirements of relevant stakeholders and managers. Communication both with managers and team members is essential to leading a successful marketing campaign.

### Communicating to key stakeholders

Identifying those people who are affected by change is vital to the implementation of the marketing plan. There are many definitions of a stakeholder, but in the context of the marketing plan, the stakeholders are generally seen as those who have an interest, who will benefit from the marketing activities, or have an influence on the completion of marketing activities.

Stakeholders cover a diverse range of people inside and outside the organisation. Below are some common groups that are affected in one way or another by an organisation's marketing activities.

- employees
- customers and clients
- suppliers
- service providers
- shareholders
- trustees
- guarantors
- investors
- funding bodies
- distribution partners
- marketing partners
- regulatory authorities
- government agencies
- endorsers and sponsors
- advisors and consultants
- local community.

Before presenting a marketing plan to different stakeholders to address their questions, you should identify the stakeholders and prepare strategies to address their questions.

A range of presentations may be necessary to meet all their needs. A stakeholder analysis will help ensure needs are clarified.

Stakeholder	Expectations and objectives	Power and influence	Common interests
Shareholders	Growth in share price.	Oversee the direction of the organisation.	Business dividends.
Financiers	Risk averse and want funds repaid, including principle and interest.	Enforce payment and ensure return on investment.	Business dividends and profit.
Directors and Managers	Career success, increased salary and job satisfaction.	Make final decisions.	Alignment with shareholders if dividends linked to profit.
Staff and unions	Salary, job security and job satisfaction.	Ability to influence customer satisfaction and ability to strike if significantly dissatisfied with changes or a lack of desired changes.	Bargain with shareholders.
Suppliers	Orders, payment.	Pricing and quality of materials purchased by the organisation.	Seek orders.
Customers	Reliable supply of goods to meet needs.	Revenue derived from customers.	Seek best deal.

Stakeholder	Expectations and objectives	Power and influence	Common interests
Community	Environment, local impact and local jobs.	Local development.	Employment for citizens.
Government	Ensure that organisations operate legally and pay taxes.	Regulation, subsidies, taxation and planning.	Maintain social and economic stability.

### Learning activity: Stakeholders

Refer to the Zelda's Espresso marketing plan in the Appendix and list below some potential stakeholders in the establishment of the new marketing plan and estimate the expected impact of the venture on each one.

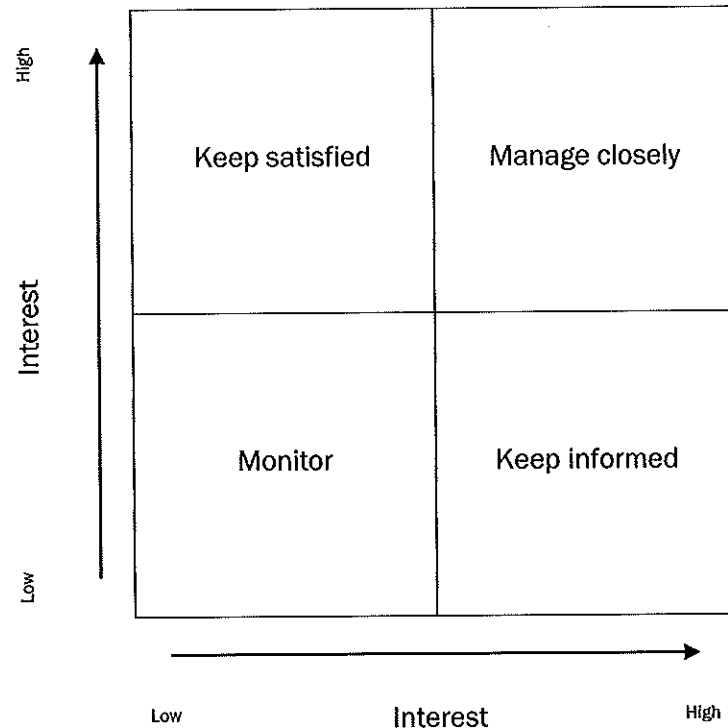
Stakeholder	Impact



### Prioritising your stakeholders

A suggestion for prioritising stakeholders is to map them out on a power/interest grid. This enables you to assess each stakeholder's influence over your campaign. Some stakeholders may have a large amount of interest in your marketing strategy, but very little power over its development (such as junior marketing assistants). Other stakeholders may have little interest in your organisation's day-to-day operations, but a large amount of power and influence (such as heads of government departments).

See the example below.



#### Learning activity: Key stakeholders

Using the list of stakeholders at Zelda's Espresso that you created in the previous activity, create a power/interest grid and map the stakeholders where you think they best fit.

### Understanding your key stakeholders

Developing strategies that engage and manage key stakeholders is an effective way of gaining an understanding of who stakeholders are, how they operate and how they affect your business. To further understand your stakeholders, it is important to:

- convey your intentions clearly to maximise understanding
- ask stakeholders for input and feedback
- keep stakeholders informed
- understand the perspective of stakeholders
- seek support from stakeholders.

### Revise the plan

Your marketing plan should include a discussion of the key roles and responsibilities within your marketing team. When reviewing and revising the plan, you need to communicate with your team members to gain an understanding of how each component of the marketing plan is progressing. Those responsible for each stage of implementation should oversee or advise the review of their roles and tasks, however the ultimate responsibility for the resolution of the marketing plan always rests with the marketing manager. This is why communication at all times is important. Understanding how to encourage and receive feedback from team members and stakeholders will lead to effective revision.

### Planning for feedback

The sphere of influence of each stakeholder varies greatly, but everyone with any level of investment in the success of the plan should be consulted when you are seeking feedback for potential revisions. Your stakeholders, particularly your customers, are the eyes and ears of your marketing plan. With encouragement, they can provide you with invaluable feedback that will inform your revision continuous improvement of the marketing plan. The way you collate, assess and apply the feedback to your review will depend on the extent of changes that need to be made. When major revisions are necessary, the consultation process with stakeholders will be extensive and may include focus groups, reporting to senior managers and regulatory bodies.

You may only need to solicit feedback at the times you have planned to review the marketing plan. However, changes in the external market environment should be monitored and fluctuations in consumer sentiment should not be ignored. If significant changes in the market or environment occur, it is best to promptly identify the way in which they will affect your organisation rather than wait for the next planned review.

The implementation of a strategy can only be evaluated if there are clear outcomes that performance can be measured against. Most organisations attach KPIs to their marketing objectives which assist in measuring projected performance against real outcomes. A common problem that is identified through the review process is that the KPIs that were set during the planning process were unrealistic or unobtainable. If this is the case and the KPIs need to be revised, it is important to consult with all involved to ensure that the revised goals that you are setting are achievable for all those involved.

## Receiving feedback

This refers to the response of the market to your marketing message. Feedback in this sense is not referring to how well you delivered the presentation, but rather feedback on the content and implications of the strategy. Feedback is a vital tool in the fine-tuning and improvement of the organisational strategy. As the key stakeholders and employees hear the strategy, they are able to reflect upon issues that you may not have considered. After all, these are the people who will ultimately be responsible for implementing the organisational strategy and action plans.

Input from key stakeholders is vital, not only for success, but for establishing support for your strategy. Support and willing engagement is built through participation. While every person in your organisation cannot make their voice heard on every issue in strategic planning, you must solicit and act upon feedback from other members of the organisation.

You should be especially encouraging of feedback on your marketing plan when you present it to your managers and stakeholders. At this point, there is the most room making effective changes at a low cost.

Some options for how to deal with feedback at different times in your presentation of the plan are outlined below. Keep in mind that more than one form of feedback may be appropriate.

### During the presentation

First of all, ask yourself if it is practical to receive feedback during the presentation. If you want feedback whilst you are making the presentation, then you will need to create gaps in appropriate places. You will also need to allow time for questions and answers to take place. If others in the room are meant to benefit from the feedback, then the questions and the answers need to be clearly articulated; you may need to repeat a question so that everyone present can hear what has been asked.

### Immediately following the presentation

If you would like to receive feedback after the presentation, similar to a Q and A session, then you need to create time for this to occur. If you prefer feedback in writing, then it is recommended you produce a feedback form instead of a blank piece of paper. This way, you can save time and extract specific information that may be helpful to improving the strategy. You may gain more feedback through this process as it can allow for anonymity and more time for people to articulate clearly what it is that they want to say.

### After the presentation

The best time to receive feedback could be after the key stakeholders, departmental leaders and employees have had time to reflect upon the implications of the strategy as it relates to their daily work.

### As a review

It may be best to receive feedback from your employees after they have had time to commence implementation. Sometimes there are unforeseen challenges that effect the implementation of a strategy. Implementing a mechanism for feedback will be helpful in gaining an ongoing perspective and creating the avenue for continuous improvement.

**Tips for receiving feedback:**

- listen carefully
- stay open and avoid becoming defensive
- ask for explanations, examples, clarification
- give your own suggestions that relate to the feedback to see how they are received
- show your appreciation of the feedback given.

**Adjusting the marketing plan**

When the marketing plan has been evaluated in light of results achieved and feedback received, it is likely that modifications will need to be made to the program to ensure continuous improvement.

A list of recommendations for adjustments to the plan should be generated collectively, including input from senior management, stakeholders, the marketing team and yourself. The modification could be an adjustment to the existing marketing plan, the modification of a marketing mix component, a reduction in costs, a change of distributor, etc.

When considering any modifications to the plan, the flow on effects need to be considered, including new budget items, KPIs, timelines for implementation, etc. This will assist in assessing the feasibility of each recommendation prior to implementation.

Every organisation has their own way of managing reporting – reports for improvements or modifications can range from a simple email listing the changes required, to a complex spread sheet that tracks every single task in the program and the individual input of stakeholders. All stakeholders and organisations need to know when milestones have been achieved, particularly milestones with financial ramifications.

A template for a modification table is included below – it allows all notable modifications to be listed and prioritises them in terms of their:

1. Importance	2. Cost	3. Time	4. Commitment	5. Feasibility
------------------	------------	------------	------------------	-------------------

For this style of table, the individual rankings can then be combined to give an overall ranking for all of the modifications suggested. Based on the final score a decision can be made about whether the change needs to be implemented.

Modification table							
5 = High priority		3 = Medium priority			1 = Low priority		
Importance	How important is the recommendation?						
Cost	How expensive will it be to implement the modification?						
Time	How much time and effort will it take to implement?						
Commitment	How enthusiastic will employees be about the modification?						
Feasibility	How difficult will the modification be to implement?						
Recommendation	Importance	Cost	Time	Commitment	Feasibility	Score	Priority
Project manager	5	5	3	3	5	21	High
Budget approval	5	5	5	5	3	23	High
New technology	3	5	5	3	3	19	Medium
Better ergonomics	1	5	3	2	5	16	Low

## Section summary

This section should assist you in developing the skills needed to write your marketing plan and present it confidently to your organisation. You should know how to develop the layout of the document according to organisational expectations or requirements and ways of selecting language appropriate to your audience. You should also understand how the plan should vary based on the requirements of your managers and stakeholders so as to gain their trust and support. You should know how to review the marketing plan and make the adjustments needed in order to see it successfully achieve objectives.

## Further reading

- Hall, R., 2009, *Brilliant marketing: What the best marketers know, do and say*, Prentice Hall, London.
- Wall, D., 1990, *Communication skills for business*, Jannali, NSW.

## Section checklist

---

Before you end this workbook make sure that you are able to:

- ☒ write the marketing plan
- ☒ present the plan
- ☒ engage with stakeholders and respond to feedback
- ☒ revise the plan.

# Glossary

Term	Definition
Competitive advantage	The result of a company's ability to match its core competencies with opportunities in the marketplace.
Differentiation	When a business delivers or is perceived to deliver a product or service that is seen as a point of difference from its competitors.
Marketing metrics	Measurements used to analyse effectiveness and efficiency of marketing activities and identify possible improvements.
Marketing mix	The four core marketing considerations (product, pricing, placement and promotion) that a company can control to meet the needs of customers within its target market.
Marketing objective	A statement of what is to be accomplished through marketing activities.
Market opportunity	A combination of circumstances and timing that permits an organisation to take action to reach a target market.
Marketing plan	A written document that specifies the activities to be performed in order to implement and control an organisation's marketing activities.
Market research	The systematic design, collection, interpretation and reporting of information to help marketers to solve specific marketing problems or take advantage of marketing opportunities.
Market segmentation	The process of dividing a total market into groups with relatively similar product needs to design a marketing mix that matches those needs.
Marketing strategy	A plan of action for identifying and analysing a target market and developing a marketing mix to meet the needs of that market.
Strategic planning	The process of establishing an organisational mission and formulating goals, corporate strategy, marketing objectives, marketing strategy and a marketing plan.
Stakeholder	All those who have an interest in an organisation, its activities and its achievements. These may include customers, partners, employees, shareholders, owners, government, and regulators.
Target market	A specific group of customers on whom an organisation focuses its marketing efforts.

(

(

(

(



## Appendix

### Appendix 1: Marketing plan – Zelda's Espresso

---

# Marketing Plan Zelda's Espresso December 2008

## Table of Contents

---

1.0 Executive summary .....	103
2.0 Situation analysis .....	103
2.1 Market summary .....	103
2.2 SWOT analysis .....	105
2.3 Competition .....	106
2.4 Service offering.....	106
2.5 Keys to success.....	107
2.6 Critical issues .....	107
3.0 Marketing strategy .....	107
3.1 Mission.....	108
3.2 Marketing objectives.....	108
3.3 Financial objectives.....	108
3.4 Target marketing.....	108
3.5 Positioning .....	108
3.6 Strategy pyramids .....	109
3.7 Marketing mix.....	109
3.8 Product development.....	109
3.9 Marketing research .....	110
4.0 Financials, budgets and forecasts .....	110
4.1 Break-even analysis .....	110
4.2 Sales forecast.....	110
4.3 Expense forecast.....	111
5.0 Controls.....	111
5.1 Implementation milestones.....	111
5.2 Marketing organisation.....	112
5.3 Contingency planning.....	113

## 1.0 Executive summary

---

Founded in 2006, Zelda's Espresso is one of the youngest focaccia cafe's in the industry. However we do not view our youth as a weakness, on the contrary, our youth is associated with our two most valued attributes: creativity and innovation.

We dare to create the unconventional.

Zelda's Espresso aims to be the leading premade focaccia cafe in Clayfield, catering to the growing market for fast, tasty food. The signature line of innovative, premium focaccia include imported ingredients and local delicacies. Zelda's Espresso also serves exotic desserts, as well as cold and hot beverages (not including alcohol).

Zelda's Espresso aims to reinvent the fast lunchtime service experience for individuals and groups with high discretionary income by selling tasty, pre-made products at a market price, designing functional, convenient locations as well as providing a high standard of customer service.

## 2.0 Situation analysis

---

Zelda's Espresso is close to entering their our year of operation. The cafe has been well received and marketing is now critical to our continued success and future profitability. Our store offers an extensive range of pre-made focaccia. The basic market need is to offer individuals, groups, and take away customers fresh, creative, attractive, pre-made focaccia and desserts. Zelda's uses homemade sauces, organic vegetables and imported meats and cheeses.

### 2.1 Market summary

Zelda's Espresso possess good information about the market and knows a great deal about the common attributes of our most loyal customers. Zelda's Espresso will leverage this information to better understand who is served, their specific needs and how Zelda's can better communicate with them.

#### 2.1.1 Market demographics

The profile for Zelda's Espresso's customer consists of the following geographic, demographic, and behaviour factors based on a local Chamber of Commerce report:

- Overview of Clayfield:
  - Office workers make up 58% of daytime trade
  - Market growing at 8% per year
  - Retirees steady at 7% of the population.
- Geographic:
  - the area of Clayfield with a population of 90,000.
  - A 30 km geographic area is in need of our services
  - The total targeted population is estimated at 35,000.
- Demographics:

- male and female
- aged 20–50, this is the segment that makes up 58% of the Clayfield day time market according to the Clayfield Chamber of Commerce
- young professionals who work close to the location, have attended college and/or graduate school and earn over \$60,000
- eat out most times for lunch in a week
- tend to frequent fast food cafes.
- Behavioural traits:
  - enjoy a high quality meal without the mess of making it themselves
  - there is value attributed to the convenience of food and time taken to prepare it.

### 2.1.2 Market needs

Zelda's Espresso is providing our customers with a wide selection of pre-made focaccia, made with top-shelf ingredients. Zelda's Espresso seeks to fulfil the following benefits that are important to our customers.

- Selection: A wide choice of focaccia options.
- Accessibility: The patron can gain easy access to the cafe with minimal wait. Undercover awning planned by council to cover the street to the main office tower.
- Customer service: Patrons need to be impressed by the speed of the service.
- Competitive pricing: All products/services will be competitively priced in line with comparable high-end focaccia/Italian cafes.

Above all, Zelda's Espresso believes that providing fast service and wide assortment of focaccia is essential in order to meet our customers' needs and desires.

### 2.1.3 Market trends

The market trend for cafes is toward a more sophisticated customer. Today's cafe patron is more sophisticated than yesteryear's in a number of different ways.

- Food quality: The preference for high-quality ingredients is increasing as customers are learning to appreciate the difference in quality.
- Speed: As workplace pressure increases, patrons are learning to appreciate the speed of service offered by the industry.
- Selection: People are demanding a larger selection of food – they are no longer accepting a limited menu.

The reason for this trend is that within the last couple of years the range of cafe products has increased, providing customers with new choices. Cafe patrons no longer need to accept a limited number of options. With more choices, patrons have become more sophisticated and discerning.

Zelda's strongly believe that customers are more interested in speed of service than any anything else. This will be why they shop with us and become loyal patrons.

### 2.1.4 Market growth

In 2008, the global focaccia market reached \$7 billion. Focaccia sales are estimated to grow by at least 6% for the next few years. This growth can be attributed to several different factors. While not all focaccia has nutritional value, particularly the cheese based sauces, focaccia can be very tasty and quick to prepare. Zelda's Espresso sees no real substitute for what we provide.

### 2.1.5 Economy

Based on economic forecasts, Zelda's Espresso assumes that interest rates are staying steady and thus will have no impact on disposable income. Zelda's Espresso also assumes that unemployment will remain at around 5.8%.

### 2.1.6 Political

From the research carried out, we have identified a government focus on growing the economy, which we see a positive for their business model. Zelda's is committed to abiding by the law in all our dealings and complying with all legislation that impacts on our business activity.

## 2.2 SWOT analysis

The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Zelda's Espresso.

### 2.2.1 Strengths

- Excellent staff who are highly skilled at food preparation.
- Great retail space that is functional and efficient for a commercial urban district.
- High customer loyalty among repeat customers.
- Fast food offerings that exceed competitors offerings in quality, speed and accessibility.

### 2.2.2 Weaknesses

- A limited marketing budget to develop brand awareness.
- The struggle to continually appear innovative in a stable product market.

### 2.2.3 Opportunities

- Growing market with a significant percentage of the target market still not aware that Zelda's Espresso exists.
- Increasing sales opportunities in office workers.

### 2.2.4 Threats

- Competition from local cafes that respond to Zelda's Espresso's fast service.
- Pre-made focaccia cafe chains found in other markets coming to Clayfield.
- A slump in the economy reducing customer's disposable income spent on eating out.

## 2.3 Competition

### 2.3.1 National competition

- Focaccia Buzz: Offers its customers maximum choice, allowing the customer to assemble their focaccia as they wish. The quality of the ingredients is average.
- Focaccia Bite: Has a limited selection, but the focaccia are made with high-quality ingredients. The price point is high, but the food is good.
- Focaccia Mia: Offers focaccia that is reasonably fresh, reasonably innovative and available at a lower price point.
- Verdi Focaccia: Has medium-priced focaccia that use average ingredients, no creativity and a lacklustre in-store atmosphere.

It is our belief that the existing unwritten code of business activity, where each chain stays within the geographic area they were founded, will continue in the foreseeable future.

### 2.3.2 Local competition

- Johnny's: An upscale cafe that has a limited selection of focaccia. Although the selection is limited and pricey, the focaccia are quite good. The average price is \$25. Their market share is 16%. They experienced 8% growth in the last financial year.
- Peri Focaccia: A cafe with a decent focaccia selection, however the quality is inconsistent. The average price \$19. Their market share is 10%. They experienced 5% growth in the last financial year.
- Niccolo: An upscale cafe with a large wine selection and good salads. Service can often be very slow. The average price is \$22. Their market share is 12%. They experienced 7% growth in the last financial year.

We do not see the competitors changing their marketing strategy or products in the foreseeable future.

### 2.3.3 Growth and market share analysis

- Individuals: Growth in potential customers is 7%. Zelda's estimates that they will serve 12,000 individual customers in 2010.
- Groups: Zelda's experienced a 9% increase in groups ordering focaccia over the past financial year. Zelda's estimates that they will receive 9,000 group orders in 2010.
- Take away: Take away orders increased by 13% in the last financial year. Zelda's estimates that they will receive 25,000 take away orders in 2010.

## 2.4 Service offering

Zelda's has created pre-made focaccia that are differentiated and superior to our competitors. Customers can taste the quality of the product in every bite. The following is a list of features common to all focaccia at Zelda's Espresso.

- The focaccia dough is made with imported flour.
- The cheeses are all imported.

- The vegetables are organic and fresh, with three shipments a week.
- The meats are all top-shelf varieties.

We pride ourselves on providing a speedy service that is on par with the fast service chains.

Zelda's will implement an integrated approach to ensure that all customer service expectations are met.

#### 2.4.1 The ideal Zelda's store at a glance

- Location: A commercial, suburban neighbourhood or urban retail district.
- Design: Bright and functional.
- Size: 50–100m<sup>2</sup>.
- Employees: 5–8 full-time, plus casuals as necessary.
- Seating capacity: 15–25.
- Types of transactions: 60% take away, 40% sit down.

### 2.5 Keys to success

#### 2.5.1 Location

Zelda's site selection criteria are critical to success. Scott Thornton, former partner of a coffee shop chain, has helped us identify the following site selection criteria.

- Significant daytime and working populations.
- High circulation from neighbouring retailers.
- Good access to parking for customers.

### 2.6 Critical issues

Zelda's Espresso is still in the speculative stage as a franchise concept with one store starting as the prototype. Its critical issues are:

- continuing to take a modest fiscal approach by expanding at a reasonable rate – not expanding for the sake of it, but because it is economically wise to do so
- keeping costs down with pre-made products, rather than customised
- reaching multiple market segments by selling hot drinks made-to-order, a large range of cold drinks and pre-made focaccia.

## 3.0 Marketing strategy

Zelda's advertising budget is very so the advertising program is simple. We will use direct mail and local advertising. Coupon inserts in the local community magazine, *Infomag*, are likely to be the most successful of the campaigns.

We will try to secure articles that discuss the cafe in *Infomag* and other local media. Surveys have shown that organisations that have had their cafe featured in *Infomag* have experienced a dramatic increase of sales immediately after publication.

### 3.1 Mission

Our mission is to provide office workers with the fastest service and tastiest focaccia meal in the Clayfield precinct. We exist to attract and maintain customers. We aim to exceed the expectations of our customers.

### 3.2 Marketing objectives

- Generate at least \$35,000 in sales per month within the first 12 months from implementation of the marketing plan.
- Increase our customers from 150 to 200 customers per day by the end of the 2009/2010 financial year.
- Establish brand recognition in our target market so that at least one in three people recognise our brand in a random survey taken in twelve months time.

### 3.3 Financial objectives

- A growth rate of 10–15% for each future year.
- A reduction the overhead costs per store through sustainable and disciplined growth.
- A continual decrease the variable costs associated with food production.

### 3.4 Target marketing

The market can be segmented into three target populations:

- Individuals: People that order by themselves.
- Groups: Groups of people such as friends, family and colleagues who enjoy dining together.
- Take away: People that prefer to eat Zelda's food at their desk or at a location other than the cafe.

The average Zelda's customer is aged 20–50, a segment that makes up 58% of the Clayfield population (Clayfield Chamber of Commerce). Pre-made focaccia stores have been very successful in high rent, mixed-use commercial areas. These areas have a large daytime circulation that consists of office workers and families who have disposable household incomes over \$40,000.

Combining several key demographic factors, we have developed a profile of our target customer. The target customers' include:

- sophisticated people who work nearby
- discerning shoppers who frequent stores in the area.

### 3.5 Positioning

We will position ourselves as a reasonably priced, upscale, pre-made focaccia cafe. Clayfield consumers who appreciate high-quality food will recognise the value and unique products available at Zelda's Espresso. Patrons include singles as well as families.

We will use our numerous strengths to leverage competitive advantage in terms of our:



- **Product:** Our product will have the freshest ingredients including homemade sauces, imported cheeses, organic vegetables and top-shelf meats. The product will also be developed to enhance the speed of service.
- **Service:** We will only employ experienced staff who can focus on fast service. By offering a superior, speedy service, we will excel relative to the competition and achieve our objectives.

### 3.6 Strategy pyramids

The single objective is to position Zelda's as the premier pre-made focaccia cafe in the Clayfield area, commanding a majority of the market share within five years. The marketing strategy will seek to first create customer awareness of their services offered, develop a loyal customer base and work toward building customer referrals.

The message that we will seek to communicate is that Zelda's offers fast, reasonably priced, pre-made focaccia. This message will be communicated through a variety of methods. The first will be direct mail. The direct mail campaign will be a way to communicate directly with consumers. We will also use ads and inserts in *Infomag*.

The final communication strategy is a grassroots public relations campaign. This campaign will include inviting people from *Infomag* to lunch in order to get a couple of articles written about Zelda's. This is a relatively low cost/low risk way of ensuring that we get some coverage in the local press.

### 3.7 Marketing mix

Zelda's marketing mix is comprised of these following approaches to pricing, distribution, advertising and promotion, and customer service.

- **Pricing:** Zelda's pricing scheme is that the product cost is 40% of the total retail price.
- **Distribution:** Zelda's focaccia will employ a direct distribution method, where customers order directly with us and either collect their orders immediately or take a seat to be served.
- **Promotion:** The most successful advertising will be ads and coupon inserts in *Infomag* as well as a public relations campaign targeted at generating editorial articles and reviews in *Infomag* and other local press. We will also focus on developing a program of in-store entertainment and free meal give-aways.
- **Customer Service:** Zelda's philosophy is that we must do whatever is necessary to make our customers happy. This investment will pay off with a fiercely loyal customer base who will reward Zelda's with referrals to friends and family.

### 3.8 Product development

We plan to develop new products in a three month cycle. The plan for product testing is to offer free tastings to regular customers, staff and their families. By obtaining feedback from these people, improvements can be made so that only tested and proven products make it onto the menu.

### 3.9 Marketing research

During the initial phases of the marketing plan development, several focus groups were held to gain insight into a variety of cafe patrons. These focus groups provided useful insight into the decision-making processes of consumers. In order to ensure continuous improvement, Zelda's will implement a 'suggestion box' system whereby customers can anonymously suggest improvements to Zelda's products and level of customer service.

A vital part of Zelda's market research is competitive analysis. Members of Zelda's managerial staff will be asked to routinely visit local cafes to gather information on competitors' products and service strategies and gauge customer responses the products offered by others operating within the same market.

We aim to be responsive to changes in the market and in consumer sentiment in order to adapt to these needs and desires and retain our market share. Hospitality operators in the Clayfield area are happy to share market knowledge because they prefer a fraternal environment where all businesses are equipped with the knowledge necessary to thrive.

Zelda's will also rely on information from the Cafe Association, of which we are a recent member. The Cafe Association provides quantitative research into national and local trends within the market and the industry.

## 4.0 Financials, budgets and forecasts

This section will offer a financial overview of Zelda's Espresso in areas that affect marketing activities. We have conducted a break-even analysis, sales forecasts and expense forecasts in order to evaluate how the results influence the marketing strategy.

### 4.1 Break-even analysis

The Break-even Analysis indicates that \$35,000 will be needed in monthly revenue in order to break-even.

Fixed costs will be roughly \$21,000. Zelda's variable costs are a proportional to their total sales. Because we have a fixed profit margin, 40% of all sales go toward the materials and ingredients needed (the variables). Based on this information, we can determine that sales of \$35,000 or more will be sufficient to cover fixed and variable costs.

### 4.2 Sales forecast

The first year will be used to get the cafe up and running. By the second year things will get busier. Sales should gradually increase with profitability being reached by the beginning of year two.

Gross profit is fixed at 60% of sales. Individual and group sit-down orders make up 45% of this profit and take away makes up 55%.

	2009	2010	2011
Projected total sales	\$400,000	\$520,000	\$640,000
Projected gross profit	\$240,000	\$312,000	\$384,000

### 4.3 Expense forecast

Marketing expenses are to be budgeted so that they are ramped up in the first year and again in the second, as shown in the table below.

#### Marketing expense budget

	2009	2010	2011
Direct mail	\$4,000	\$5,000	\$6,000
Magazine advertising	\$11,000	\$10,000	\$8,000
Promotions	\$3,000	\$5,000	\$7,000
Total	\$18,000	\$20,000	\$21,000

Ongoing sales forecasting will be outsourced to the experts at *Action Marketing* who will advise on all aspects of the marketing function that Zelda's will be engaged in. *Action Marketing* will also be given access to the marketing cost data so that they can periodically examine and validate marketing costs in line with industry benchmarks.

#### Profitability outcomes budget

Profitability	Average price	Gross profit
Focaccia	\$20	55%
Beverages	\$5	65%
Average	\$12.50	60%

## 5.0 Controls

The purpose of our marketing plan is to serve as a guide for the general direction of the organisation's marketing activities.

### 5.1 Implementation milestones

The following milestones will assist in tracking the key marketing programs. It is important to accomplish each one on time and on budget.

## Milestones

Advertising	Start date	End date	Budget	Manager	Department
Marketing plan completion	1/01/2009	2/01/2009	\$0	Mario	Marketing
Banner ad campaign #1	1/02/2009	4/01/2009	\$3,754	Mario	Marketing
Banner ad campaign #2	1/10/2009	1/01/2009	\$4,900	Mario	Marketing
Total advertising budget			\$8,654		
Direct marketing	Start date	End date	Budget	Manager	Department
Direct mail campaign #1	1/10/2009	1/04/2009	\$1,689	Jenny	Action Marketing
Insert campaign #1	1/10/2009	1/04/2009	\$2,252	Mario	Marketing
Direct mail campaign #2	1/03/2010	1/01/2010	\$2,205	Jenny	Action Marketing
Insert campaign #2	1/03/2010	1/01/2010	\$2,940	Mario	Marketing
Total direct marketing budget			\$9,086		
Total			\$17,740		

## 5.2 Marketing organisation

Mario Zelda, the owner of Zelda's Espresso, is primarily responsible for marketing activities and has the authority and responsibility over all organisational operations, particularly those that affect customer satisfaction. *Action Marketing* have been engaged to provide marketing services as required. Other outside media agencies have also contributed in the development of our graphic design, branding and creative strategy.

Feedback will come from in-store feedback forms and local customer surveys. These systems are relatively cheap to implement and provide direct, immediate information on customer reactions to Zelda's products and level of customer service.

### 5.3 Contingency planning

The lunchtime market has been assessed as being a fairly stable one and although there are few variables, it is wise to plan for potential difficulties and risks. These may include:

- problems generating visibility
- overly aggressive or debilitating marketing activity from competitors
- the unexpected entry into the Clayfield market of another experienced, franchised pre-made focaccia cafe.

(

(

(

(