

Bpisurveys – Article Number 8

How to develop a Strategic Marketing Plan – NOW

In the previous article – “What’s the point of planning” – I suggested that the core of any Strategic Business Plan was the Strategic Marketing Plan. I likened the former to a dinner plate with the latter representing its centre and the rim all those other functions that are impacted upon by the core marketing component.



STRATEGIC BUSINESS PLAN

It follows that the first stage of developing a Strategic Business Plan is the formulation of a Strategic Marketing Plan. After all, when a potter forms a plate, he starts at the centre and works outwards.

As with any form of planning, there are three stages.

Stage 1 is to work out where the company is **NOW** and the influences that will come to bear on the company’s future.

Stage 2 is to decide **WHERE** it is that you want the company to be in five years time.

Stage 3 is the determination of **HOW** you will get from NOW to WHERE you want to be.



It’s when undertaking the NOW or the Situation Analysis that the differences between strategic and the other forms of planning come into sharper relief.

Because planning strategically emphasises the organisation's environment and context, it is these factors that are the major determinants of WHERE and HOW rather than the organisation's strength and weaknesses. Strategic planning tries to anticipate change, not simply extrapolate the future from the past.

But don't get me wrong! You can't – and shouldn't - ignore an internal analysis of the company's performance but you should place more emphasis on the external environment – for one fundamental reason. You have no control over the majority of the factors that make up the external environment so you have to adapt to them.

Ignoring them or fighting them is not an option. They won't go away.

The external environment can be divided into two – micro and macro. The former is the most immediate and one that you might be able to influence – but cannot control. It comprises the following:

Micro-external environment

Customer analysis

- **What are the various market segments?**
- **What are the influences on the customers' buying decisions?**
- **Are their needs changing?**
- **Are there unmet needs?**

Market analysis

- **What's the size of the various market segments?**
- **Are they growing, static or declining?**
- **Are there segments that will buck the overall growth trends?**
- **What will happen to the total market's profitability?**
- **What's its cost structure?**
- **Distribution systems – will these change?**
- **What are the key trends & developments?**
- **What are the key success factors – will these change?**

Competitive analysis

- **Who are our direct competitors?**
- **Will the number of competitors increase or decrease?**
- **What are the entry and exit barriers**
- **What are our key competitors' strategies?**
- **What are their strengths and weaknesses?**

Macro-external environment

Most – if not all – of the factors in the micro-environment are determined by events and changes in the macro-environment. A generation ago, Australia's geographical isolation might have ameliorated the impact of international

trends but the inexorable advance of the global village means that this is no longer the case.

Macro-external environment

Technology

Economic activity

- **How influenced are your products or services by the level of economic activity in Australia and overseas?**
- **Are some of your products or services more heavily influenced than others?**
- **What is likely to happen to exchange rates?**

Social/cultural trends

- **Do relevant trends pose opportunities or threats?**
- **Do they impact upon product life cycles?**
- **What's the impact on the rise in the number of single households etc?**

Political/Regulatory

- **Everything from new governments and free trade agreements to new regulations and new standards.**

Demographics

- **How will population migration impact on your business?**
- **How will the aging of the population impact on the business?**
- **What's the impact of a declining birthrate?**
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The skill in conducting such an analysis is, firstly, being able to pick the factors that are relevant to your business, secondly, being able to determine their potential impact and lastly adopting a strategy that either negates their impact or takes advantage of the opportunity they present.

Finally, there is the internal analysis – but it's of a specific type. Rather than an examination of past sales and profitability, it's an examination of the performance of your company from an external perspective. So it might include such factors as:

Market share

Customer Satisfaction

Brand Loyalty

- **Product or service quality**How mature is the existing technology?
- **Are there new alternative technologies on the horizon?**
- **Who are the indirect competitors that have or are likely to emerge?**
- **Are there competing technologies for achieving the same outcomes?**

Customer service levels
Feedback from benchmarking exercises
New product performance
Product life cycle analysis
Relative cost

Having determined where the company is now and the impact on the company's future of the most relevant factors in the external environments, the next step is **WHERE**.

Watch this space!

PS

As for **NapiSan** and **Encyclopedia Britannica**, both brands faced factors in the macro-environment that required them to make fundamental changes to their marketing strategy.

For **NapiSan**, it was a combination of a declining birthrate, working mothers and the resultant trend towards disposable nappies, environmental concerns notwithstanding. So Napisan has been re-positioned as a general stain-removing additive.

In **Britannica's** case, it was the tardy response of management to the threat posed by CD-ROM technology as exemplified by Microsoft's Encarta. Management's reticence to embrace new technology was powerfully influenced by the army of commission based salespeople who were concerned that a lower priced CD-ROM version would lower the selling commissions compared with the hard copy version. However, since that low period in the early 90's, **Britannica** has recognised the advances in IT technology for what they are - a great opportunity to build upon one of the best known brands in the world.