

The role of marketing planning

Marketing planning

A marketing plan is a document that outlines the entire marketing process of a business (see **Figure 1**). It begins with identifying corporate business goals which, in turn, inform the marketing objectives. The business should conduct a marketing audit – a look at where the company is and where it wants to be – and establish marketing objectives based on the current position and goals. The business should then look at its budget and determine the appropriate level of spending on its marketing goals. Once the budget is established, the business should conduct market research and determine the target market. Subsequently, the marketing mix will be developed with the aim of meeting the needs of the target market and achieving the overall marketing objective. Finally, control tools will be selected so that the success of the marketing mix can be evaluated.

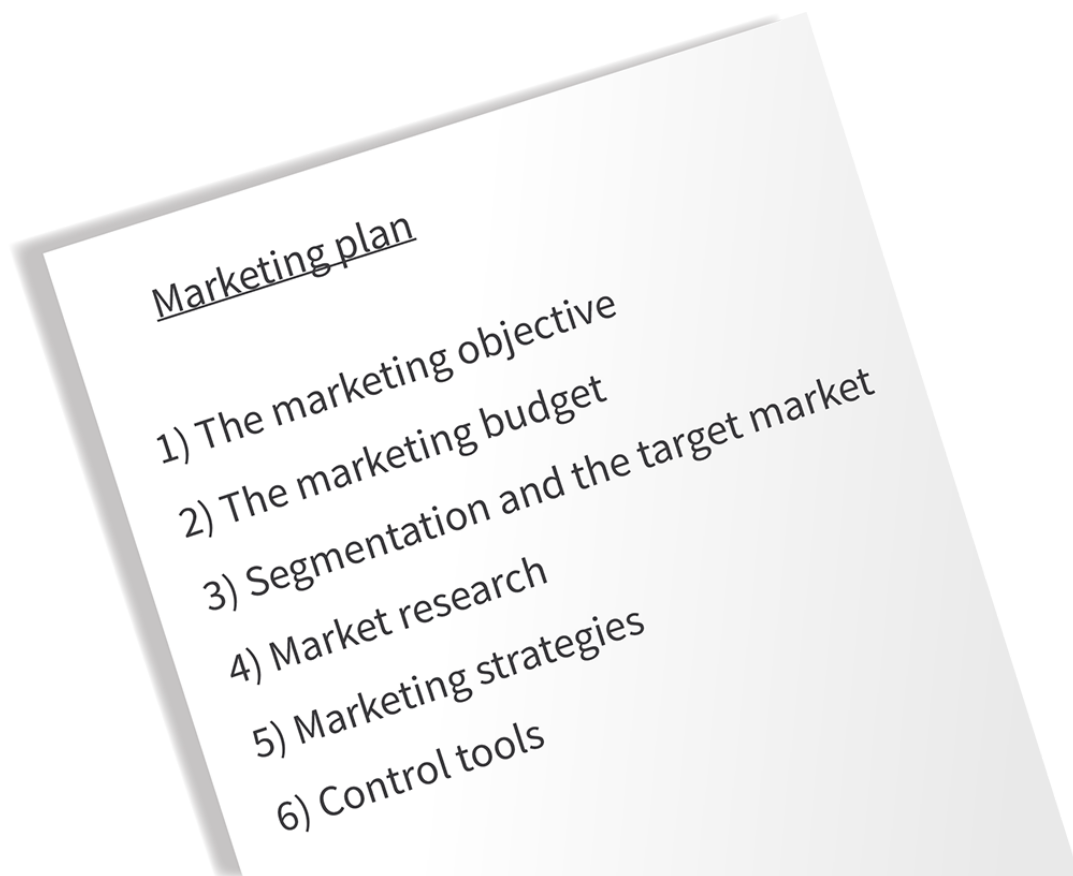


Figure 1. Elements of a marketing plan.

The marketing plan is a plan of action. The main elements of the marketing plan include:

- the marketing objective
- the marketing budget
- segmentation and the target market
- market research
- marketing strategies
- control tools

The marketing objective

The marketing objective will provide direction for the marketing function. If achieved, the marketing objective should help the company achieve its overall business objectives. In [Subtopic 4.1 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-37435\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-37435), you learned about different marketing objectives for for-profit commercial and social enterprises and non-profit social enterprises.

The marketing budget

A budget is the amount of money that has been allocated to a task. The finance team will set the marketing budget for the marketing team, but in many ways it is the marketing team's activities that determine how much money there is to work with. There are different ways in which a business can set its marketing budget. The way in which the budget is set could be:

- objective based, where an estimate is made of the budget needed to achieve the marketing objective
- sales based, where a fixed percentage of the company's sales revenue is allocated to marketing
- incremental based, where the previous year's marketing budget is used as a guide, with a percentage increase to cover inflation

Objective-based budgets are the most flexible because they do not limit spending to achieve the objective. The other two budget types set limits for spending based on historical or current performance information.

Segmentation and the target market

Market segmentation involves breaking consumers into groups that have similar characteristics and needs. Examples of how companies may segment their markets are covered in [Section 4.2.2 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/segmentation-and-targeting-id-37445\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/segmentation-and-targeting-id-37445). Market segmentation allows a business to analyse the most profitable market segments to serve with its product. Once target markets have been identified, the business can develop marketing strategies to fulfil those needs.

Market research

Market research involves gathering information about consumers' needs, tastes, habits and preferences in order to aid marketing decisions. For market-oriented companies, market research is the basis of all decision making. Effective market research allows companies to identify new opportunities, which can lead to increased sales. Market research is covered extensively in [Subtopic 4.4 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-38995\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-38995).

Theory of Knowledge

A successful marketing plan requires managers to gather information about consumers and their behaviour. However, consumers' needs and wants are not always predictable.

- Are consumers too unpredictable to study scientifically? (IBDP Business Management guide)

Marketing strategies

Marketing strategies are long-term actions that aim to achieve the marketing objective. In [Subtopic 4.5 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39004\)](/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39004) you will learn about the elements of the marketing mix – product, price, place, promotion, people, processes and physical evidence. These are often referred to as 'the seven Ps'.



Figure 2. Price is one of the components of the marketing mix.

Credit: Patcharanan Worrapatchareeroj, Getty Images

Control tools

Control tools allow managers to assess whether marketing strategies have been successful. This involves gathering quantitative and qualitative data to see whether the objectives of the business have been met. Data can be gathered from a number of sources, including:

- sales revenue and profit data ([Subtopic 3.5 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39042\)](#) - Coming soon)
- the number of repeat customers
- surveys and focus groups (you will learn more about these research tools in [Subtopic 4.4 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-38995\)](#)))



Figure 3. The chief marketing officer will use control tools to assess the success of a marketing plan.

Credit: Kiyoshi Hijiki, Getty Images

Concept

Change

A business will constantly update its marketing plan as the external factors (STEEPLE factors, [Section 1.1.6 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-business-plan-id-36505\)](https://study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-business-plan-id-36505)) change. What might have happened to Netflix if it had stayed with its original marketing plan of delivering DVDs? Or to your local bank if it did not develop a digital platform? The products that these businesses provided would not have met consumers' changing needs and expectations over time. A marketing plan needs to be flexible in order to keep up with innovations and change.

Marketing should be viewed as an ongoing process and marketing plans should be continually updated. Control tools not only provide information about whether an objective has been met, but also help provide the basis for the next set of objectives. It is therefore useful to view the marketing plan as a continuous cycle (see **Figure 4**).

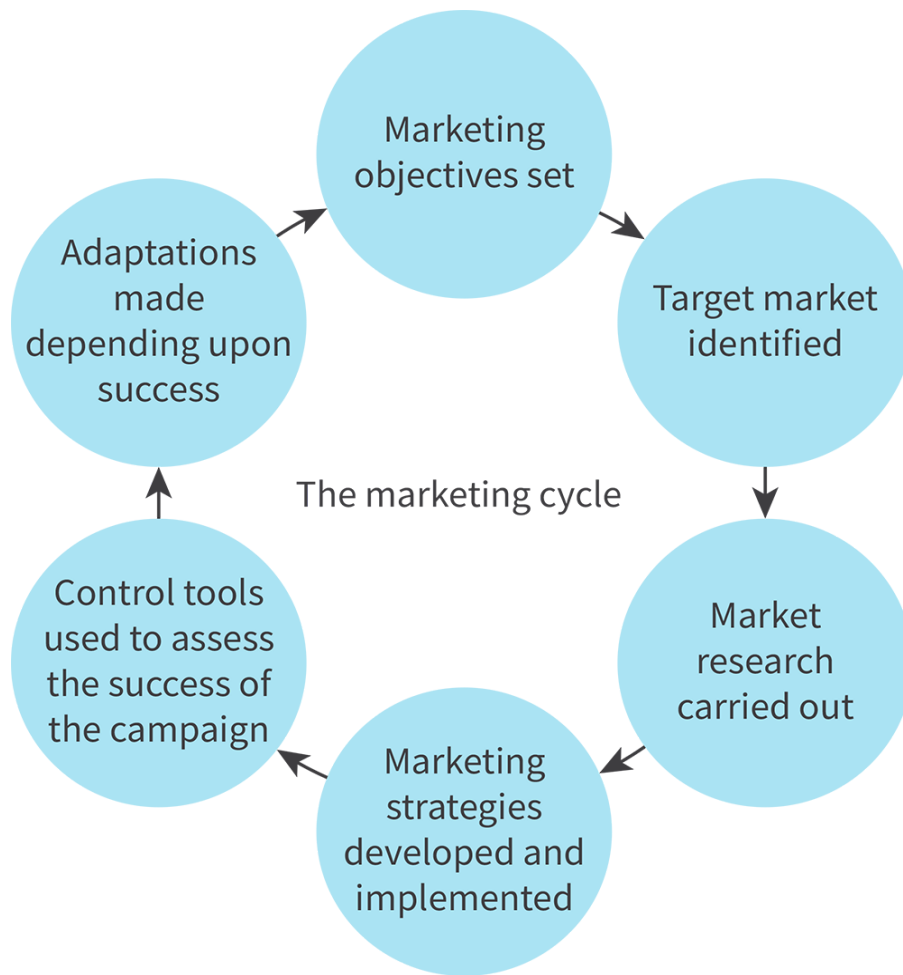


Figure 4. Marketing planning can be thought of as a continuous cycle.