

DEVELOPING MARKETING STRATEGIES AND PLANS

What is a Marketing Plan?

- A **marketing plan** is the central instrument for directing and coordinating the marketing effort. It operates at a strategic and tactical level.

Levels of a Marketing Plan

- Strategic

- Target marketing decisions
- Value proposition
- Analysis of marketing opportunities

- Tactical

- Product features
- Promotion
- Merchandising
- Pricing
- Sales channels
- Service

Good Mission Statements

- Focus on a limited number of goals
- Stress major policies and values
- Define major competitive spheres
- Take a long-term view
- Short, memorable, meaningful

SWOT Analysis

Strengths

Weaknesses

Opportunities

Threats

Market Opportunity Analysis (MOA)

- Can the benefits involved in the opportunity be articulated convincingly to a defined target market?
- Can the target market be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?

Market Opportunity Analysis (MOA)

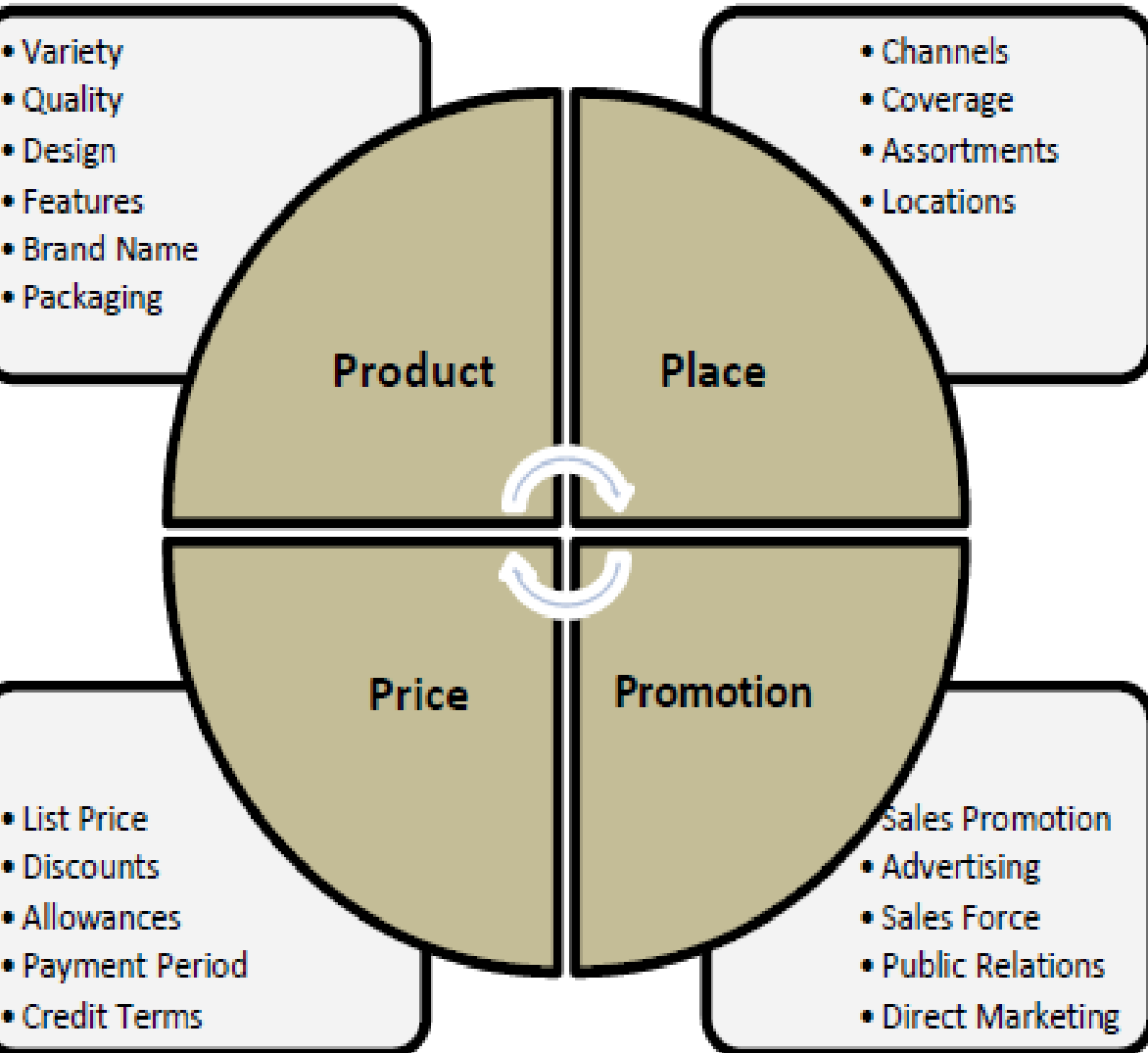
- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?

Marketing Plan Contents

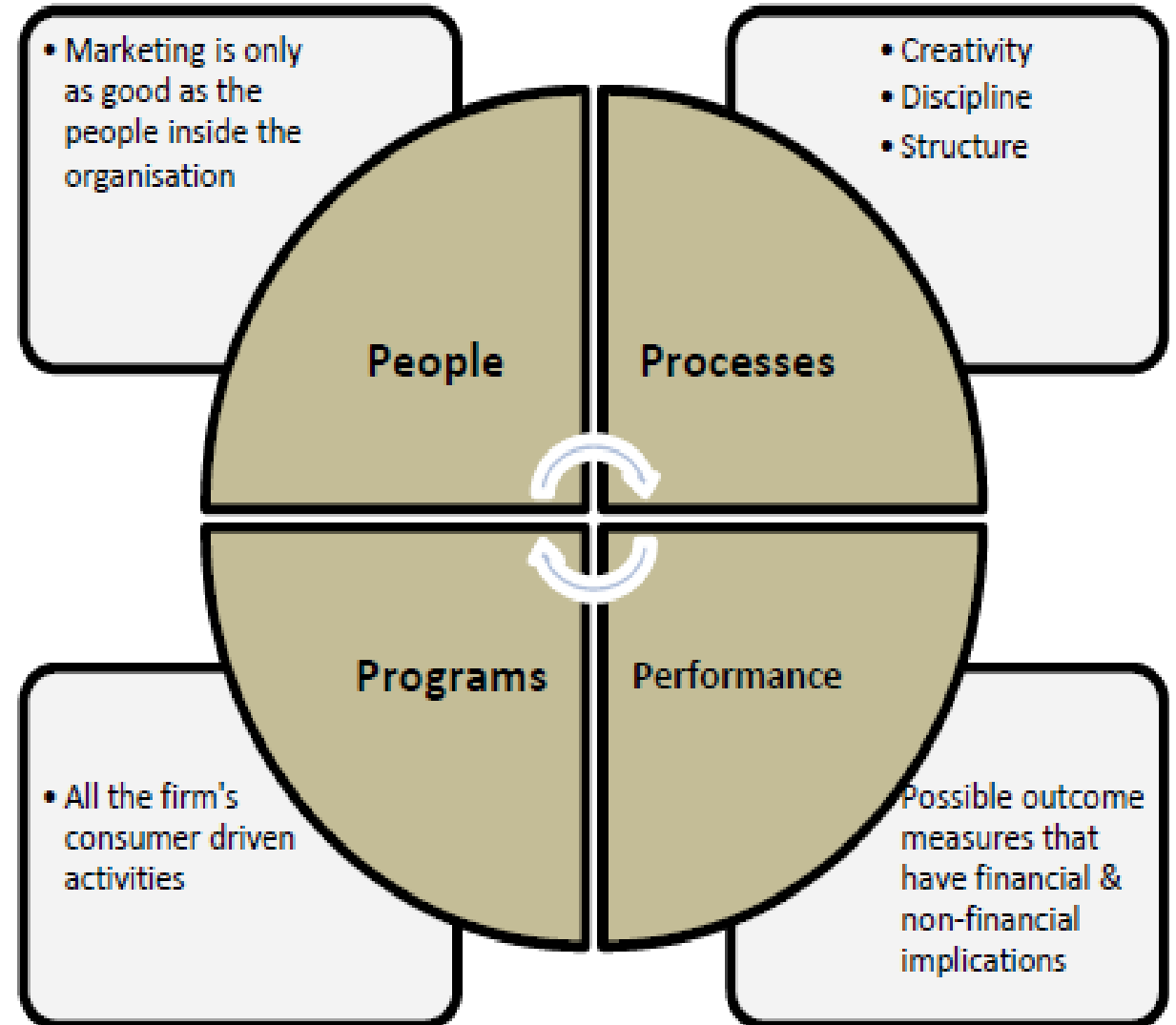
- ✓ Executive summary
- ✓ Table of contents
- ✓ Situation analysis
- ✓ Marketing strategy
- ✓ Financial projections
- ✓ Implementation controls

Marketing Mix

Marketing Mix: 4 Ps



Modern Marketing Management: 4 Ps



MARKETING MIX

Product

- Quality
- Image
- Branding
- Features
- Variants
- Mix
- Support
- Customer service
- Use occasion
- Availability
- Warranties

Promotion

- Marketing communications
- Personal promotion
- Sales promotion
- PR
- Branding
- Direct marketing

Price

- Positioning
- List
- Discounts
- Credit
- Payment methods
- Free or value-added elements

Place

- Trade channels
- Sales support
- Channel number
- Segmented channels

People

- Individuals on marketing activities
- Individuals on customer contact
- Recruitment
- Culture/image
- Training and skills
- Remuneration

Process

- Customer focus
- Business-led
- IT-supported
- Design features
- Research and development

Physical evidence

- Sales/staff contact experience of brand
- Product packaging
- Online experience

Evaluating a Marketing Plan

- ✓ **Is the plan simple?**
- ✓ **Is the plan specific?**
- ✓ **Is the plan realistic?**
- ✓ **Is the plan complete?**

Identifying Market Segments and Targets

MARKET SEGMENTATION

- Refers to the division of large, heterogeneous markets into smaller homogenous segments that can be reached more efficiently and effectively with products and services that match their unique needs. (Kotler and Armstrong 2010:216)

What is a Market Segment?

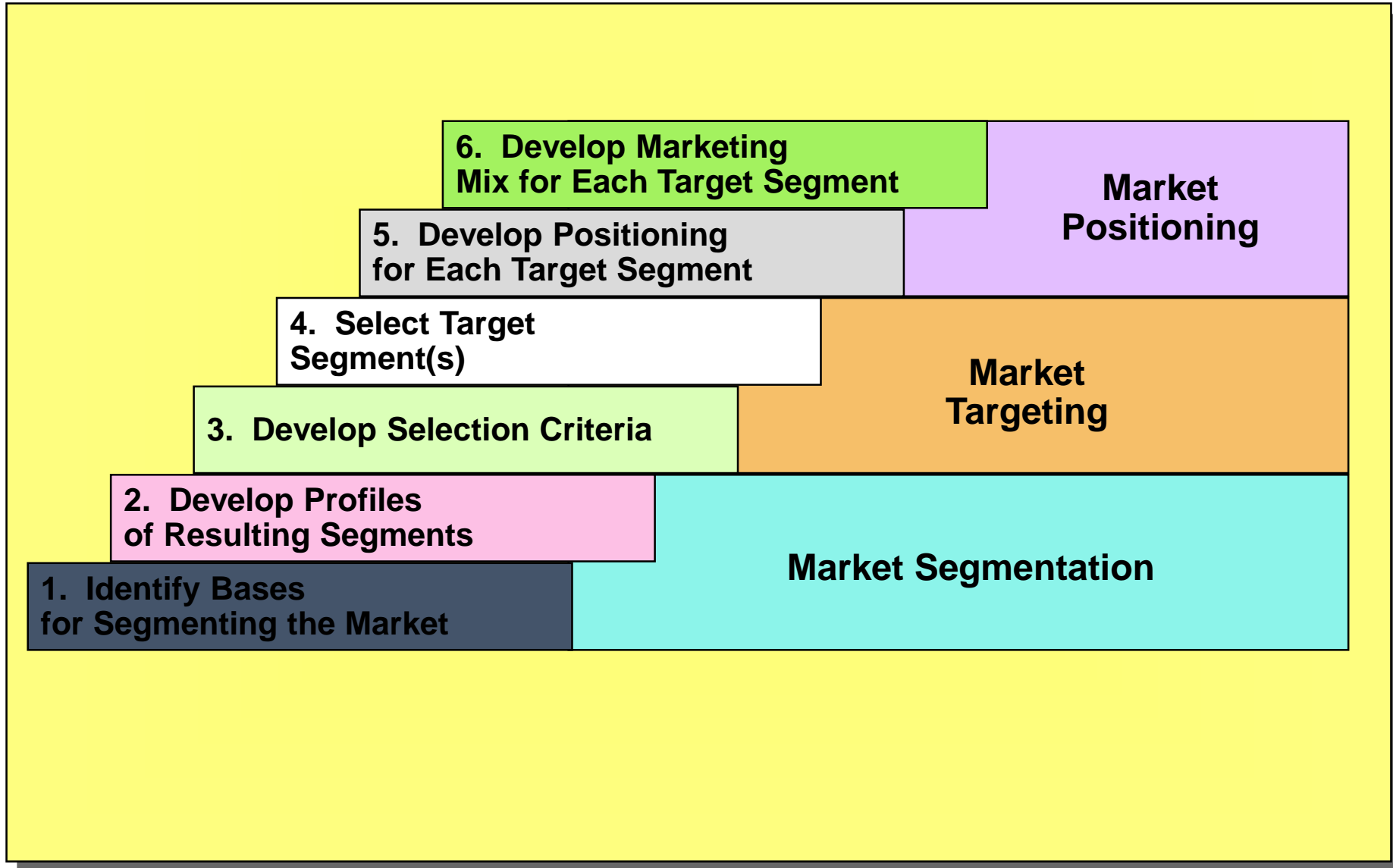
A **market segment** consists of a group of customers who share a similar set of needs and wants.



ADVANTAGES OF SEGMENTATION

1. Segmentation forces the marketer to analyse and consider both the needs of the market and the company's ability to competently serve those needs – thereby making the company better informed about its customers.
2. Allows the company to better define its positioning strategy by analysing competitor products and marketing positioning and considers its competitive advantages and disadvantages.
3. Limited resources are used to best advantage, targeted at those segments that offer the best potential.

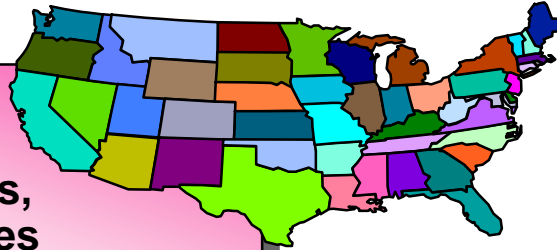
Segmentation, Targeting, and Positioning



BASES OF SEGMENTATION

Geographic

Nations, states,
regions or cities



Demographic

Age, gender, family size
and life cycle, or
income



Psychographic

Social class, lifestyle,
or personality



Behavioural

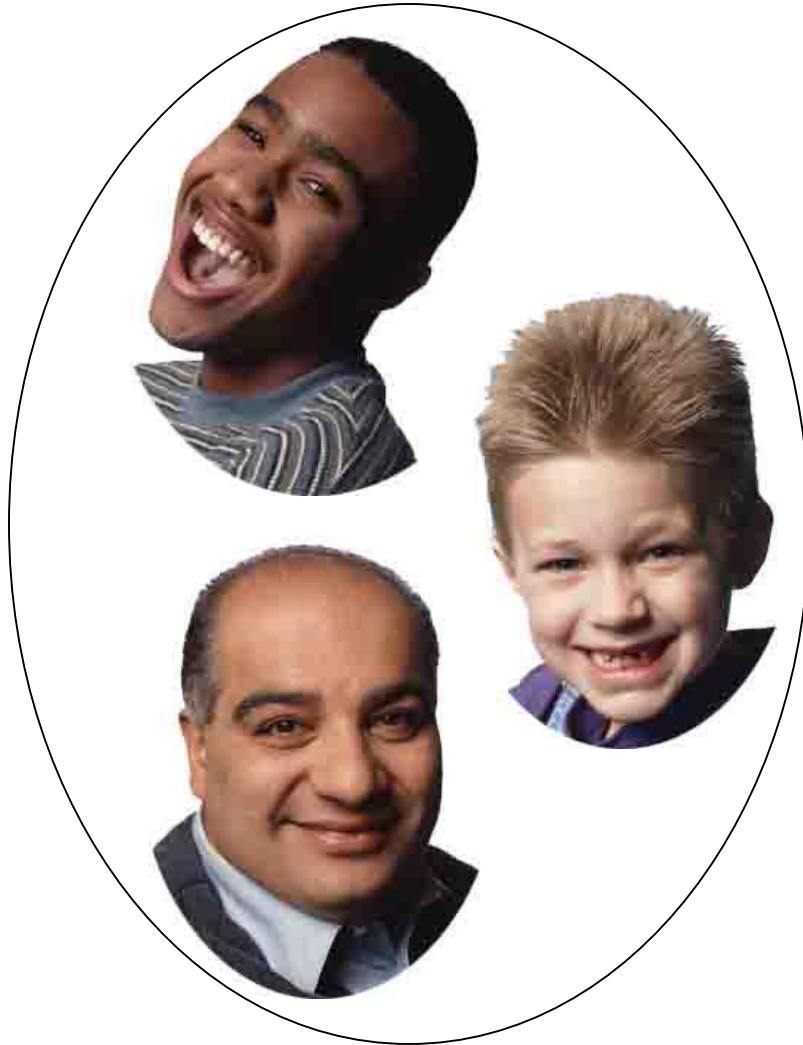
Occasions, benefits
sought, user status,
usage rate, loyalty



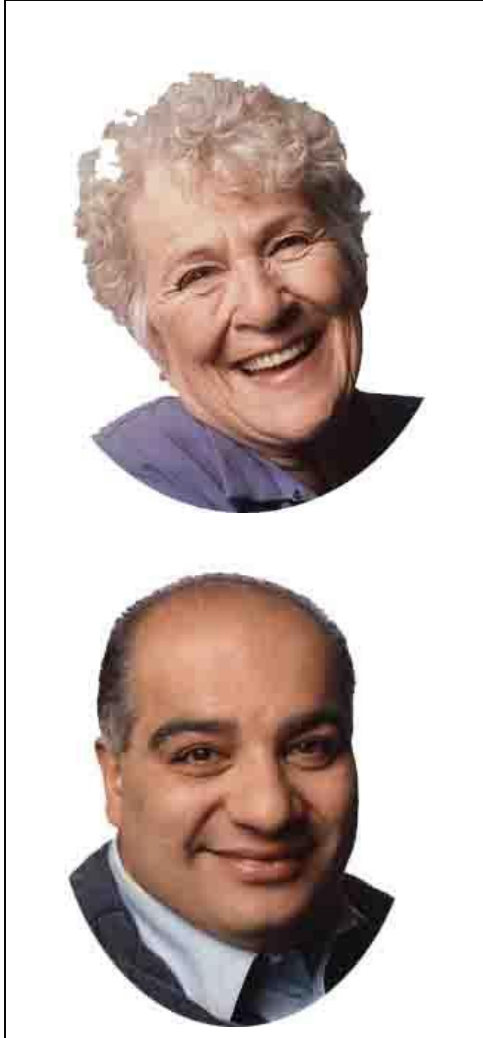
NO MARKET SEGMENTATION



SEGMENTED BY GENDER



SEGMENTED BY AGE



BASES OF SEGMENTATION

BASES	POSSIBLE VARIABLES
Geographic	
Region	Gauteng; Limpopo; North West; Mpumalanga; Free State; Western Cape; Northern Cape; Eastern Cape; KwaZulu-Natal
Size of city or town	Under 10 000; 10 000-20 000; 20 000-50 000; over 50 000 inhabitants Urban; suburban; rural
Density	Summer rainfall; winter rainfall; very hot and humid; very hot and dry
Climate	

BASES OF SEGMENTATION

BASES	POSSIBLE VARIABLES
Demographic	
Age	Under 6; 6-11; 12-19; 20-54; 55-49; 50-65; over 65 years
Gender	Male; female
Family size	1-2; 5-4; more than 4
Family life-cycle	Young, single; young, married, no children; young, married with children; older, married with children; older, married, no children under 18; older, single; other
Income	Under R50 000; R50 001-R60 000; R60 001-R100 000; R100 001-R140 000; R140 001-R180 000; over R180 000
Occupation	Professional and technical; managers, officials and proprietors; clerical; sales; craftspeople; supervisors; operatives; farmers; homemakers; students; retired; unemployed
Education	Grade 9; Matric (Grade 12); diploma; degree; postgraduate
Religion	Protestant; Catholic; Hindu; Muslim; Jewish
Race	Black; White; Coloured; Asian
Generation	Baby boomer; Generation X; Generation Y

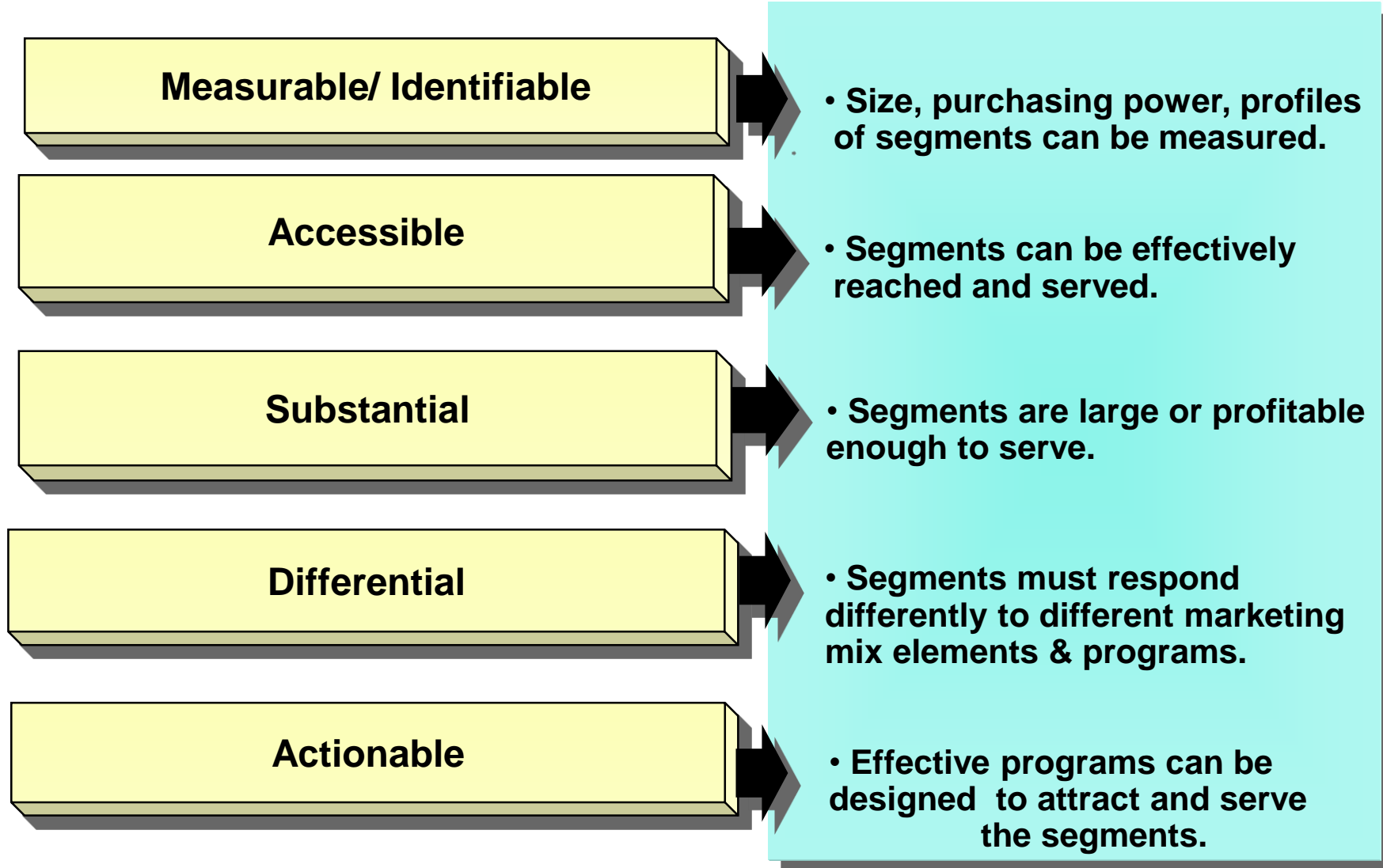
BASES OF SEGMENTATION

BASES	POSSIBLE VARIABLES
Behavioural	
Purchase occasion	Regular use; special occasion
Benefits sought	Quality; service; economy; convenience; speed
User status	Non-user; ex-user; potential user; first-time user; regular user
Usage rate	Light user; medium user; heavy user
Loyalty status	None; medium; strong; absolute
Readiness stage	Unaware; aware; informed; interested; desirous; intending to buy
Attitude towards product	Enthusiastic; positive; indifferent; negative; hostile

BASES OF SEGMENTATION

BASES	POSSIBLE VARIABLES
Psychographic	
Social class	Upper class; middle class; lower class Occupation, education level
Lifestyle	Interest and Opinions
Personality	Compulsive; gregarious; authoritarian; ambitious

Requirements for effective segmentation



Effective Targeting Requires...

- Identify and profile distinct groups of buyers who differ in their needs and preferences
- Select one or more market segments to enter
- Establish and communicate the distinctive benefits of the market offering

BRANDING

Branding

- **A brand** is a name, term, sign, symbol, or design, or some combination of these elements, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.
- A Brand is a promise to deliver specific benefits associated with products or services to consumers
- A brand is the most valuable intangible assets of a firm
- Branding is endowing products and services with the power of the brand

Importance of Branding



Steps in Strategic Brand Management

- Identifying and establishing brand positioning
- Planning and implementing brand marketing
- Measuring and interpreting brand performance
- Growing and sustaining brand value

BRAND EQUITY

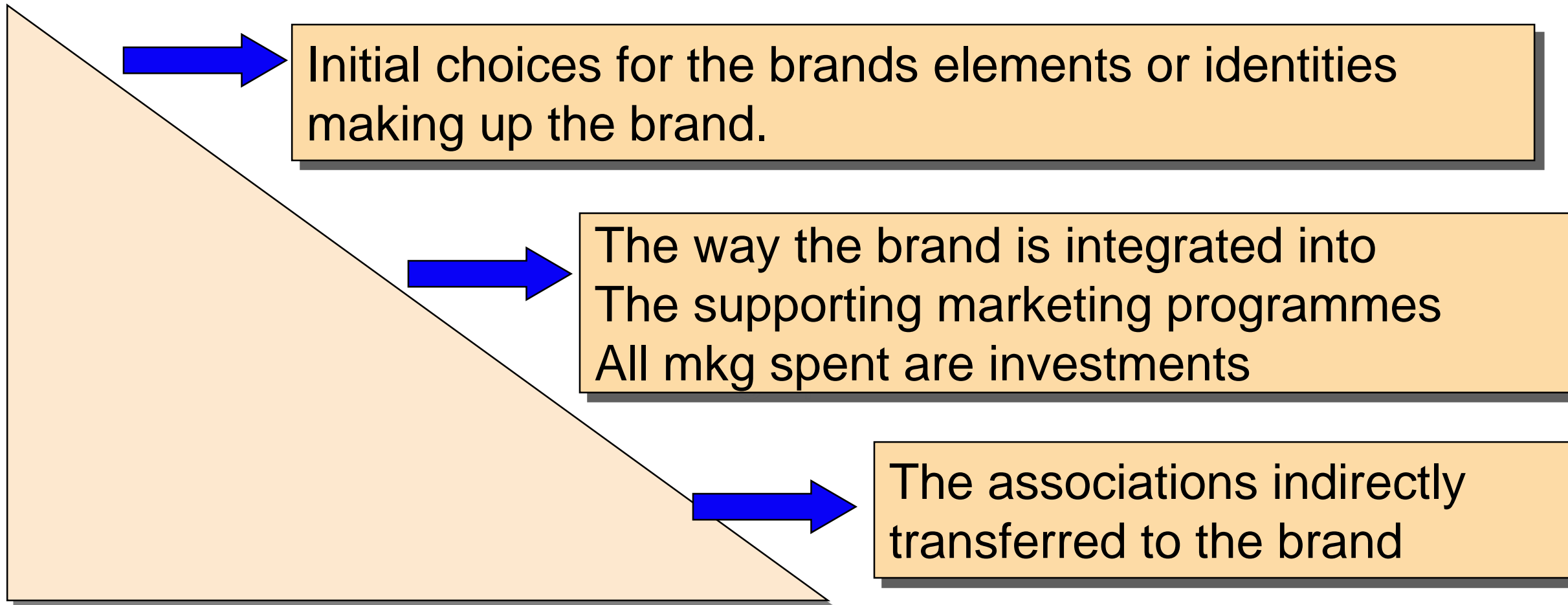
- Brand equity is the added value endowed on products and services, which may be reflected in the way consumers, think, feel, and act with respect to the brand
- Brand equity is the differential effect that the brand name has on customer response to the product and its marketing
- The marketing asset: the consequence of good marketing
- “the marketing and financial value associated with a brand’s strength in a market”
- Formed primarily by brand experience but also by advertising/marcoms (externally) & good management (internally)

Brand Equity

“The tangible and intangible value that a brand provides positively or negatively to an organization, its products, its services, and its bottom-line derived from consumer knowledge, perceptions, and experiences with the brand.” — Susan Gunelius

BRAND EQUITY

- Building brand equity depends on:



MANAGING BRAND EQUITY

- Brand reinforcement
- Brand revitalization

Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic consumer response
- Greater trade cooperation
- Increased marketing communications effectiveness
- Possible licensing opportunities

Brand Hierarchies

- Brand hierarchies -graphically portraying a firm's branding strategy by displaying the number and nature of common and distinctive brand elements across the firm's products, revealing their explicit ordering.
- Based on the realization that we can a product in different ways depending on how many new and existing brand elements we used and how we combined them for one product
- Brand elements and levels of the hierarchy:
 - Corporate or company brand
 - Family brand
 - Individual brand
 - Modifier (designating item or model)
 - Product description

Corporate or Company Brand Level

- Highest level of hierarchy
- Technically consist of one brand name- corporate or company brand
- **Corporate image:** The consumer associations to the company or corporation making the product or providing the service
 - Relevant when the corporate or company brand plays a prominent role in the branding strategy
 - Examples- HP, Siemens,

Family Brand Level

- Used in more than one product category but is not necessarily the name of the company or corporation
 - Also called a range brand or umbrella brand
- If the corporate brand is applied to a range of products, then it functions as a family brand too
- If the products linked to the family brand are not carefully considered, the associations to the family brand may become weaker
- Examples Virgin, Caterpillar, Cardbury

Individual Brand Level

- Restricted to essentially one product category, although multiple product types may differ
- Customization of the brand and all its supporting marketing activity
- If the brand runs into difficulty or fails, the risk to other brands and the company itself is minimal
- Disadvantages of difficulty, complexity, and expense of developing separate marketing programs
- eg Unilever

Brand Element Choice Criteria

Memorable

Meaningful

Likeable

Transferable

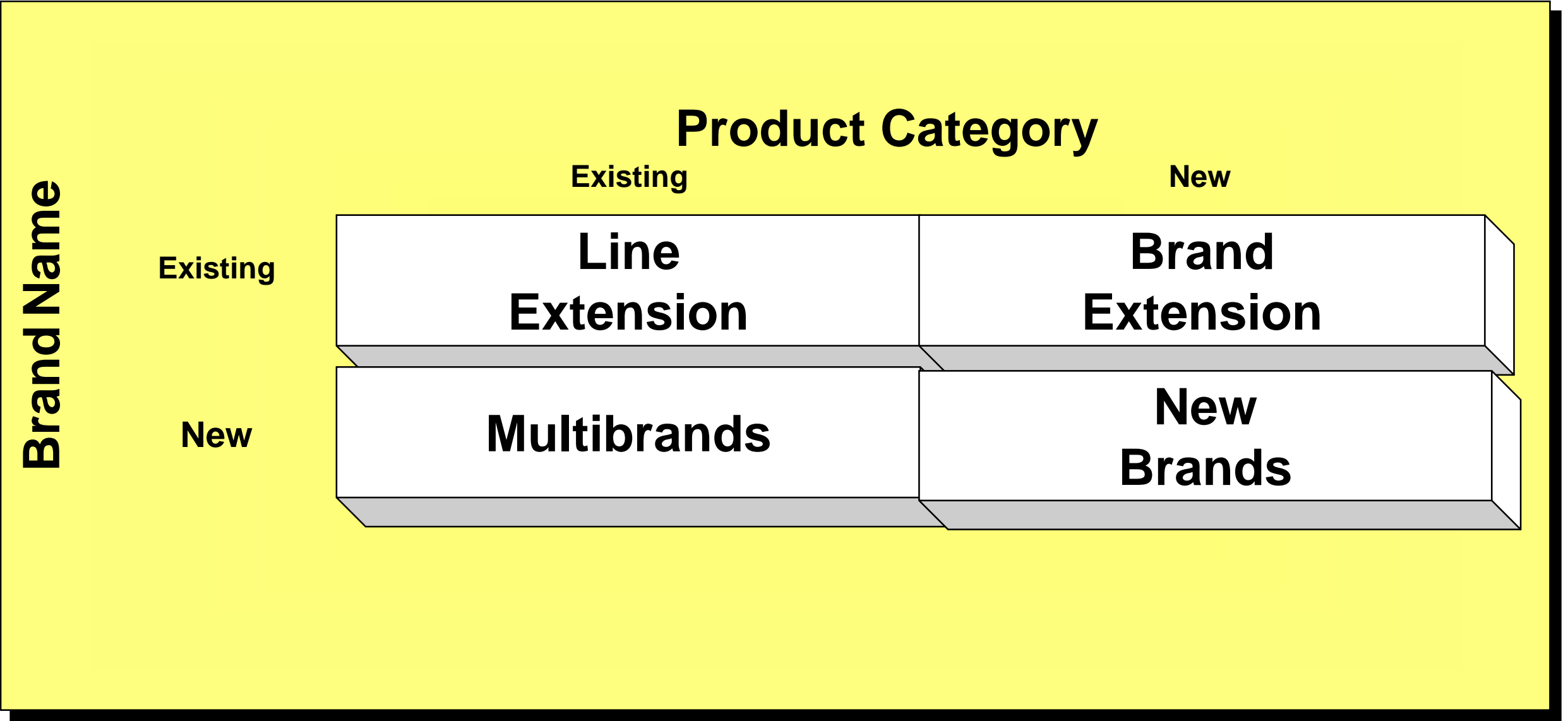
Adaptable

Protectable

Devising a Branding Strategy

- Develop new brand elements
- Apply existing brand elements
- Use a combination of old and new
- Brand exte

BRAND STRATEGY



Possible Special Roles of Brands in the Brand Portfolio

1. To attract a particular market segment not currently being covered by other brands of the firm
2. To serve as a flanker and protect flagship brands
3. To serve as a cash cow and be milked for profits
4. To serve as a low-end entry-level product to attract new customers to the brand franchise
5. To serve as a high-end prestige product to add prestige and credibility to the entire brand portfolio
6. To increase shelf presence and retailer dependence in the store
7. To attract consumers seeking variety who may otherwise have switched to another brand
8. To increase internal competition within the firm
9. To yield economies of scale in advertising, sales, merchandising, and physical distribution

Crafting the Brand Positioning

Defining Associations

Points-of-difference

Attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand

Points-of-parity

Associations that are not necessarily unique to the brand but may be shared with other brands

Point-of-Difference Criteria

Desirable

Deliverable

Differentiating

Designing a Brand Mantra

Communicate

Simplify

Inspire

Means of Differentiation

Employee

Channel

Image

Services

Setting Product Strategy

What is a Product?

A **product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Product Differentiation

- Product differentiation is a business level strategy in which firms attempt to create and exploit differences between their products and those offered by competitors.
- These differences may lead to competitive advantage if customers perceive the difference and have a preference for the difference

- Product form
- Features
- Customization
- Performance
- Conformance
- Durability
- Reliability
- Repairability
- Style

PACKAGING AND LABELLING

What is the Fifth P?

Packaging, sometimes called the 5th P, is all the activities of designing and producing the container for a product.



Factors Contributing to the Emphasis on Packaging

- Self-service
- Consumer affluence
- Company/brand image
- Innovation opportunity

PACKAGING DECISIONS

- Packaging refers to the container or wrapper for a product, to hold and protect the product.
- Now an important marketing tool- Silent salesperson
 1. Good packaging has the power to create immediate consumer recognition of a brand.
 2. Packaging that is innovative give a company an edge over competitors and boost sales.
 3. A product's public face

ROLE OF PACKAGING

- Promoting and Selling the Product
- Defining Product Identity – invokes prestige, convenience, or status
- Provides Information – UPC symbols, contents, guarantees, nutritional value, potential hazards
- Meeting Customer Needs – various sizes, snack kits, etc
- Ensuring Safe Use – plastic instead of glass, tamper-resistant packaging, blisterpacks, childproof containers
- Protecting the Product – during shipping, storage, and display. Protects food from spoilage. Helps prevent shoplifting
- Preserve the product for a time period
- Help customers use products better

ROLE OF PACKAGING

- Identify the brand
- Convey descriptive and persuasive information
- Facilitate product transportation and protection
- Assist at-home storage
- Aid product consumption

PACKAGING DECISIONS- CONCERNS

- a) Packaging depletes natural resources.
- b) Some forms of packaging are health hazards.
- c) The disposal of packaging contributes to the litter problem.
- d) Packaging may be deceptive in terms of its size giving the impression of containing more than the actual contents.
- e) Packaging is expensive sometimes comprising up to half the production cost of the product

LABELLING

- A label carries information about the product and seller and can be part of a package or a tag attached to the product.
- Kotler and Armstrong (2010:255) state that label
 1. identifies the product,
 2. describes several things about it,
 3. and help promote the brand.

Etzel et al. (2005:276) classify labels into three kinds:

- Brand label is simply the brand alone applied to the product or package.
- Descriptive label gives information on the product's use, construction, care, performance, and other features.
- Grade label identifies the quality of the product with a letter (e.g. A or B), a number (e.g. 1 or 2) or a word.
- Laws relating to labeling- safety warnings, misleading labels,

Labeling

- The label can be a simple attached tag or an elaborately designed graphic that is part of the package.
- It might carry a great deal of information, or only the brand name.
- Even if the seller prefers a simple label, the law may require more.

Labeling

- Sellers must label products
- Labels perform several functions:
 - The label identifies the product or brand
 - The label might also grade the product
 - The label might describe the product
 - Finally, the label might promote the product through attractive graphics
 - Labels eventually need freshening up

Designing and Integrating Marketing Communications

Modes of Marketing Communications

- Advertising
- Sales promotion
- Events and experiences
- Public relations and publicity
- Direct marketing
- Interactive marketing
- Word-of-mouth marketing
- Personal selling

Communication Platforms

Advertising

- Print and broadcast ads
- Packaging inserts
- Motion pictures
- Brochures and booklets
- Posters
- Billboards
- POP displays
- Logos
- Videotapes

Sales Promotion

- Contests, games, sweepstakes
- Premiums
- Sampling
- Trade shows, exhibits
- Coupons
- Rebates
- Entertainment
- Continuity programs

Communication Platforms

Events/ Experiences

- Sports
- Entertainment
- Festivals
- Art
- Causes
- Factory tours
- Company museums
- Street activities

Public Relations

- Press kits
- Speeches
- Seminars
- Annual reports
- Charitable donations
- Publications
- Community relations
- Lobbying
- Identity media

Communication Platforms

Personal Selling

- Sales presentations
- Sales meetings
- Incentive programs
- Samples
- Fairs and trade shows

Direct Marketing

- Catalogs
- Mailings
- Telemarketing
- Electronic shopping
- TV shopping
- Fax mail
- E-mail
- Voice mail
- Websites

Steps in Developing Effective Communications

- Identify target audience
- Determine objectives
- Design communications
- Select channels
- Establish budget
- Decide on media mix
- Measure results/manage IMC

The Internet As an Advertising Medium

- The Internet's Evolving IMC Roles
 - Building demand
 - Conducting transactions
 - Filling orders
 - Providing customer service
 - Serving as an advertising medium
- Issues and Concerns
 - Increasing flow of advertising revenue to the Internet
 - Consumer control of information received
 - Versatility and effectiveness of Internet communications in targeting and reaching customers

The Two i's of the Internet: Individualization and Interactivity

- Individualization
 - Recognizes that the Internet user has control over the flow of information
- Interactivity:
 - The capabilities that the Internet gives users to select the information that they perceive as relevant
 - The capabilities that the Internet gives brand managers to build relationships with customers via two-way communication

The Internet Compared with Other Ad Media

- Interactivity as a Disadvantage
 - Internet users are highly involved and goal driven (“leaning forward”) when connecting to the Internet, making them more apt to actively avoid unsolicited advertisements as clutter.
 - Traditional media users are more casually involved (“leaning back”), making them more receptive to advertisements embedded in the media.

Internet Advertising Formats

- **Web Sites**
- **Display or Banner Ads**
 - **Rich Media Formats**
 - **Pop-Ups**
 - **Interstitials**
 - **Superstitials**
 - **Video Ads**
- **Blogs, Podcasts, and Social Networks**
 - **Blogs**
 - **Podcasts**
 - **Social Networks**
- **E-mail**
 - **Opt-in Versus Spam**
 - **E-zines**
 - **Wireless E-mail Advertising**
 - **Mobile Phone Advertising**
- **Search Engine Advertising**
 - **Keyword-Matching Advertising**
 - **Content-Targeted Advertising**
- **Advertising via Behavioral Targeting**

Web Sites

- Uses for Web Sites
 - As an advertisement for the company
 - As a venue for generating and transacting exchanges between organizations and their customers
 - As a link to other integrated marcom communications
- Well-Designed Web Sites
 - Are easy to navigate
 - Provide useful information
 - Are visually attractive
 - Offer entertainment value
 - Are perceived as trustworthy



Blogs, Podcasts, and Social Networks

- Blogs

- Are written by individuals to exchange their views on issues (e.g., products and brands) with others in online forums
- Are citizen journalism—online word-of-mouth
- Are an interactive medium that businesses can use to connect with customers and appear more credible.

- Podcasts

- Are self-produced radio-style online programs to which consumers can subscribe
- Enable advertisers to target consumers who have self-selected programs of interest to them

Blogs, Podcasts, and Social Networks

- Social Networks
 - Allow users to interact with “friends,” share opinions and information, and create online communities
 - Developed by businesses enable consumers to learn from one another and to share their experiences
 - P&G’s “The People’s Choice”
 - Mattel’s Barbiegirls.com
 - Are presently unproven marcom tool

E-mail Advertising

- E-mail as a Effective Marcom Tool
 - + Delivering advertising messages
 - + Providing sales incentives to mass audiences or targeted groups
 - – Sending junk mail (spamming) and phishing
- Opt-In E-mailing
 - Is the process of marketers asking for permission to send messages to consumers
 - Avoids the flow of irrelevant inbound messages
 - Allows marketers to provide targeted information that is of interest to the receiver

E-mail Advertising (cont'd)

- E-mail magazines (E-zines)
 - Are free magazine-like publications that deliver specialized content and credible advertising messages to targeted audiences
- Wireless E-mail Advertising (WiFi)
 - Allows users to connect to the Internet through WiFi hotspots
 - Offers significant marcom potential in its ability to message consumers with pertinent offers from stores close to their location.

The Special Case of Mobile Phones

- Cellular Phones as the Third Screen
 - Mobility and universal coverage
 - WiFi technology for Internet Access
 - Short Messaging System (SMS) for text messaging
 - Multimedia Messaging Service for graphics and sounds
 - Music, game, video, and ringtone downloads
- Marcom Issues
 - Invasion of privacy—negative consumer responses to unsolicited messages
 - Limited advertising space on cell screens
 - Gaining consumer acceptance of opt-in advertising

Search Engine Advertising (SEA)

- Search Engine Advertising (SEA)
 - Is fastest growing form of Internet advertising—about 40% of online advertising spending
 - Includes a variety of well-known services (e.g.; Google, MSN Search, and Yahoo!) that people use when seeking information
 - Attempts to place messages in front of people when their natural search efforts indicate they are interested in buying a particular good or service
 - Makes use of paid keywords to increase the odds that a firm's product or service will be included in the search results and appear as a sponsored link
 - SEO

Newspapers

- Readership:
 - 53 million U.S. households during week and nearly 55 million on Sundays.
 - Historically leading medium but in constant decline
- Buying Newspaper Space
 - Standardized Advertising Unit (SAU) system
 - 1 column: $2\frac{1}{16}$ inches 2 columns: $4\frac{1}{4}$ inches
 - 3 columns: $6\frac{7}{16}$ inches 4 columns: $8\frac{5}{8}$ inches
 - 5 columns: $10\frac{13}{16}$ inches 6 columns: 13 inches
 - Space depth: 1 inch to 21 inches
 - Space rates apply to ROP (run of press)
 - Premium rates for preferred space positioning

Table 12.1**Newspaper Advertising's Strengths and Limitations**

Strengths	Limitations
Audience in appropriate mental frame to process messages Mass audience coverage Flexibility Ability to use detailed copy Timeliness	Clutter Not a highly selective medium Higher rates for occasional advertisers Mediocre reproduction quality Complicated buying for national advertisers Changing composition of readers

Magazines

- Special Interest Magazines
 - Consumer-oriented
 - Business-oriented
- Standard Rate and Data Service (SRDS Media Solutions)
 - Tracks information on standardized ad rates, contact information, reader profiles, and other information, which facilitates media planning and buying.

Magazines (cont'd)

- Buying Magazine Space

- Selecting magazines that reach the target market
- Sources for cost considerations

- Media Kits

- Demographic composition of magazine's readership
 - Rate cards

- CPM (Cost-per-thousand) Information

- Mediamark Research, Inc. (MRI)
 - Simmons Market Research Bureau (SMRB)



Table 12.2**Magazine Advertising's Strengths and Limitations**

Strengths	Limitations
<ul style="list-style-type: none">Some magazines reach large audiencesSelectivityLong lifeHigh reproduction qualityAbility to present detailed informationAbility to convey information authoritativelyHigh involvement potential	<ul style="list-style-type: none">Not intrusiveLong lead timesClutterSomewhat limited geographic optionsVariability of circulation patterns by market

Magazines (cont'd)

- Selecting the Magazine
 - The size of the potential audience that a vehicle might reach
 - The attractiveness of its coverage as revealed by the total product purchasers exposed to that vehicle and compared with other media
 - Its cost compared with other vehicles
 - Its appropriateness for the advertised brand

Radio

- Market Coverage

- Nearly 14,000 commercial radio stations in the United States
- Almost 100 percent of all homes have radios; most
- homes have several
- Virtually all cars have a radio
- More than 50 million radios are purchased in the United States each year
- Radio broadcasting in the United States reaches about 93 percent of all people age 12 or older.

Radio (cont'd)

- Factors in Buying Radio Time
 - Matching station format with target market
 - Choosing a station with geographic coverage in areas of dominant influence (ADIs)
 - Day part choice
 - Morning drive: 5 AM to 10 AM
 - Midday: 10 AM to 3 PM
 - Afternoon drive: 3 PM to 7 PM
 - Evening: 7 PM to Midnight
 - Late night: Midnight to 7 AM

Table 12.4**Radio Advertising's Strengths and Limitations**

Strengths	Limitations
Ability to reach segmented audiences Intimacy Economy Short lead times Transfer of imagery from TV Use of local personalities	Clutter No visuals Audience fractionalization Buying difficulties

Television

- Television
 - Is in over 98% of all households have televisions
 - Is a uniquely personal and demonstrative medium
 - Is expensive to produce and broadcast
- Television Programming Dayparts
 - Early morning: 5 AM to 9 AM
 - Daytime: 9 AM to 4 PM
 - Early fringe: 4 PM to 7 PM
 - Prime access: 7 PM to 8 PM
 - Prime time: 8 PM to 11 PM
 - Late fringe: 11 PM to 2 AM
 - Overnight: 2 AM to 5 AM

Table 12.7**Television Advertising's Strengths and Limitations**

Strengths	Limitations
Demonstration ability Intrusion value Ability to generate excitement One-on-one reach Ability to use humor Effective with sales force and trade Ability to achieve impact	Rapidly expanding cost Erosion of viewing audiences Audience fractionalization Zipping and zapping Clutter

Challenges of traditional media

- Decline in Readership
- Decline in Revenues
- Inability to produce real-time updates
- Rise of UGC websites
- **Benefits of new media**
- <http://old-media-new.blogspot.co.za/2009/12/new-media-vs-old-media.html>
- **Differences**
- <https://www.hausmanmarketingletter.com/16-differences-between-social-media-and-traditional-media/>

Independent closure

Independent and Independent on Sunday print closures confirmed

Owner Evgeny Lebedev says last print editions of newspapers will appear in late March as title sold to Johnston Press



 The Independent newspaper's last issue is expected to be published on 26 March. Photograph: Callum Welsh for the Guardian

Evgeny Lebedev has confirmed that the Independent and [Independent on Sunday](#) will cease printing, with the last editions to be published in late March.

Source

<http://www.theguardian.com/media/2016/feb/12/independent-and-independent-on-sunday-closures-confirmed>

He said: "We faced a choice: manage the continued decline of print, or convert the digital foundation we've built into a sustainable, profitable future."

EXAM

guidelines

Strategic Marketing

This is a 3 hour closed book examination.
Total marks: 100

The examination paper consists of **five (5)** questions based on an article.

Students are required to answer **ALL FIVE (5)** questions.

- Marketing strategies
- Marketing planning
- Segmentation
- Branding
- Marketing communications strategy
- Product strategy

TIPS

- Instructions
- Examples
- Numbering- underlining
- Legibility
- Fresh page- booklets
- Wrong answer and cancellation
- Questions- 2 part questions
- Exam madness- going blank