



# Certified Marketing Planning Manager Sample Material

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## 1. MARKETING PLAN

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### 1.1. Introduction

A marketing plan may be part of an overall business plan. Solid marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, a marketing plan without a sound strategic foundation is of little use.

A marketing plan is a comprehensive blueprint which outlines an organization's overall marketing efforts. A marketing process can be realized by the marketing mix, which is outlined in step 4. The last step in the process is the marketing controlling.

The marketing plan can function from two points: strategy and tactics (P. Kotler, K.L. Keller). In most organizations, "strategic planning" is an annual process, typically covering just the year ahead. Occasionally, a few organizations may look at a practical plan which stretches three or more years ahead.

- ✓ Strategy - Strategy is the method chosen to achieve goals and objectives. Example: Our strategy is to grow sales and profits of our existing products and to broaden our business by introducing new products to our existing markets
- ✓ Tactics - Tactics are the resources that are used in the agreed strategy. Example: We will use our widespread distribution via UK supermarkets to increase sales and existing products and introduce new products
- ✓ Goals - Goals concern what you are trying to achieve. Goals provide the "intention" that influence the chosen actions. Example: Our goal is to achieve market leadership in our existing markets
- ✓ Objectives - Objectives are goals that can be quantified, like We aim to achieve a market share of 20% in our existing markets
- ✓ Aims - Aims are goals that cannot be measured in a reliable way. However, they remain important as a means of providing direction and focus. Examples: We aim to delight our customers
- ✓ Mission - A strategic marketing plan starts with a clearly defined business mission. Mintzberg defines a mission as "A mission describes the organisation's basic function in society, in terms of the products and services it produces for its customers".

### 1.2. Marketing Plan Aims and Objectives

Behind the corporate objectives, which in themselves offer the main context for the marketing plan, will lie the "corporate mission," in turn provides the context for these corporate objectives. In a sales-oriented organization, the marketing planning function designs incentive pay plans to not only motivate and reward frontline staff fairly but also to align marketing activities with corporate mission. The marketing plan basically aims to make the business provide the solution with the awareness with the expected customers.

This "corporate mission" can be thought of as a definition of what the organization is, or what it does: "Our business is ...". This definition should not be too narrow, or it will constrict the development of the organization; a too rigorous concentration on the view that "We are in the

business of making meat-scales," as IBM was during the early 1900s, might have limited its subsequent development into other areas. On the other hand, it should not be too wide or it will become meaningless; "We want to make a profit" is not too helpful in developing specific plans.

Abell suggested that the definition should cover three dimensions: "customer groups" to be served, "customer needs" to be served, and "technologies" to be used. Thus, the definition of IBM's "corporate mission" in the 1940s might well have been: "We are in the business of handling accounting information [customer need] for the larger US organizations [customer group] by means of punched cards [technology]."

Perhaps the most important factor in successful marketing is the "corporate vision." Surprisingly, it is largely neglected by marketing textbooks, although not by the popular exponents of corporate strategy – indeed, it was perhaps the main theme of the book by Peters and Waterman, in the form of their "Superordinate Goals." "In Search of Excellence" said: "Nothing drives progress like the imagination. The idea precedes the deed." If the organization in general, and its chief executive in particular, has a strong vision of where its future lies, then there is a good chance that the organization will achieve a strong position in its markets (and attain that future). This will be not least because its strategies will be consistent and will be supported by its staff at all levels. In this context, all of IBM's marketing activities were underpinned by its philosophy of "customer service," a vision originally promoted by the charismatic Watson dynasty. The emphasis at this stage is on obtaining a complete and accurate picture.

A "traditional" – albeit product-based – format for a "brand reference book" (or, indeed, a "marketing facts book") was suggested by Godley more than three decades ago

- ✓ Financial data—Facts for this section will come from management accounting, costing and finance sections.
- ✓ Product data—From production, research and development.
- ✓ Sales and distribution data – Sales, packaging, distribution sections.
- ✓ Advertising, sales promotion, merchandising data – Information from these departments.
- ✓ Market data and miscellany – From market research, who would in most cases act as a source for this information. His sources of data, however, assume the resources of a very large organization. In most organizations they would be obtained from a much smaller set of people (and not a few of them would be generated by the marketing manager alone).

It is apparent that a marketing audit can be a complex process, but the aim is simple: "it is only to identify those existing (external and internal) factors which will have a significant impact on the future plans of the company." It is clear that the basic material to be input to the marketing audit should be comprehensive.

Accordingly, the best approach is to accumulate this material continuously, as and when it becomes available; since this avoids the otherwise heavy workload involved in collecting it as part of the regular, typically annual, planning process itself – when time is usually at a premium.

Even so, the first task of this annual process should be to check that the material held in the current facts book or facts files actually is comprehensive and accurate, and can form a sound basis for the marketing audit itself.

The structure of the facts book will be designed to match the specific needs of the organization, but one simple format – suggested by Malcolm McDonald – may be applicable in many cases. This splits the material into three groups:

- ✓ Review of the marketing environment. A study of the organization's markets, customers, competitors and the overall economic, political, cultural and technical environment; covering developing trends, as well as the current situation.
  - ✓ Review of the detailed marketing activity. A study of the company's marketing mix; in terms of the 7 Ps - (see below)
  - ✓ Review of the marketing system. A study of the marketing organization, marketing research systems and the current marketing objectives and strategies. The last of these is too frequently ignored. The marketing system itself needs to be regularly questioned, because the validity of the whole marketing plan is reliant upon the accuracy of the input from this system, and garbage in, garbage out' applies with a vengeance.
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- ✓ Portfolio planning. In addition, the coordinated planning of the individual products and services can contribute towards the balanced portfolio.
  - ✓ 80:20 rule. To achieve the maximum impact, the marketing plan must be clear, concise and simple. It needs to concentrate on the 20 percent of products or services, and on the 20 percent of customers, that will account for 80 percent of the volume and 80 percent of the profit.
  - ✓ 7 Ps: Product, Place, Price and Promotion, Physical Environment, People, Process. The 7 Ps can sometimes divert attention from the customer, but the framework they offer can be very useful in building the action plans.

It is only at this stage (of deciding the marketing objectives) that the active part of the marketing planning process begins. This next stage in marketing planning is indeed the key to the whole marketing process. The "marketing objectives" state just where the company intends to be at some specific time in the future.

James Quinn succinctly defined objectives in general as: Goals (or objectives) state what is to be achieved and when results are to be accomplished, but they do not state "how" the results are to be achieved. They typically relate to what products (or services) will be where in what markets (and must be realistically based on customer behavior in those markets). They are essentially about the match between those "products" and "markets." Objectives for pricing, distribution, advertising and so on are at a lower level, and should not be confused with marketing objectives. They are part of the marketing strategy needed to achieve marketing objectives. To be most effective, objectives should be capable of measurement and therefore "quantifiable." This measurement may be in terms of sales volume, money value, market share, percentage penetration of distribution outlets and so on. An example of such a measurable marketing objective might be "to enter the market with product Y and capture 10 percent of the market by value within one year." As it is quantified it can, within limits, be unequivocally monitored, and corrective action taken as necessary.

The marketing objectives must usually be based, above all, on the organization's financial objectives; converting these financial measurements into the related marketing measurements. He went on to explain his view of the role of "policies," with which strategy is most often confused: "Policies are rules or guidelines that express the 'limits' within which action should occur.

"Simplifying somewhat, marketing strategies can be seen as the means, or "game plan," by which marketing objectives will be achieved and, in the framework that we have chosen to use, are generally concerned with the 8 P's. Examples are:

- ✓ Price – The amount of money needed to buy products
- ✓ Product – The actual product
- ✓ Promotion (advertising)- Getting the product known
- ✓ Placement – Where the product is sold
- ✓ People – Represent the business
- ✓ Physical environment – The ambiance, mood, or tone of the environment
- ✓ Process – The Value-added services that differentiate the product from the competition (e.g. after-sales service, warranties)
- ✓ Packaging – How the product will be protected

In principle, these strategies describe how the objectives will be achieved. The 7 Ps are a useful framework for deciding how the company's resources will be manipulated (strategically) to achieve the objectives. However, they are not the only framework, and may divert attention from the real issues. The focus of the strategies must be the objectives to be achieved – not the process of planning itself. Only if it fits the needs of these objectives should you choose, as we have done, to use the framework of the 7 Ps.

The strategy statement can take the form of a purely verbal description of the strategic options which have been chosen. Alternatively, and perhaps more positively, it might include a structured list of the major options chosen.

One aspect of strategy which is often overlooked is that of "timing." Exactly when it is the best time for each element of the strategy to be implemented is often critical. Taking the right action at the wrong time can sometimes be almost as bad as taking the wrong action at the right time. Timing is, therefore, an essential part of any plan; and should normally appear as a schedule of planned activities. Having completed this crucial stage of the planning process, to re-check the feasibility of objectives and strategies in terms of the market share, sales, costs, profits and so on which these demand in practice. As in the rest of the marketing discipline, employ judgment, experience, market research or anything else which helps for conclusions to be seen from all possible angles.

### **Detailed plans and programs**

At this stage, overall marketing strategies will need to be developed into detailed plans and program. Although these detailed plans may cover each of the 7 Ps (marketing mix), the focus will vary, depending upon the organization's specific strategies. A product-oriented company will focus its plans for the 7 Ps around each of its products. A market or geographically oriented company will concentrate on each market or geographical area. Each will base its plans upon the detailed needs of its customers, and on the strategies chosen to satisfy these needs. Brochures and Websites are used effectively.

Again, the most important element is, the detailed plans, which spell out exactly what programs and individual activities will carry at the period of the plan (usually over the next year). Without these activities the plan cannot be monitored. These plans must therefore be:

- ✓ Clear - They should be an unambiguous statement of 'exactly' what is to be done.
- ✓ Quantified - The predicted outcome of each activity should be, as far as possible, quantified, so that its performance can be monitored.
- ✓ Focused - The temptation to proliferate activities beyond the numbers which can be realistically controlled should be avoided. The 80:20 Rule applies in this context to.
- ✓ Realistic - They should be achievable.
- ✓ Agreed - Those who are to implement them should be committed to them, and agree that they are achievable. The resulting plans should become a working document which will guide the campaigns taking place throughout the organization over the period of the plan. If the marketing plan is to work, every exception to it (throughout the year) must be questioned; and the lessons learnt, to be incorporated in the next year.

### Objectives of the Marketing Plan

- ✓ Acts as a roadmap
- ✓ Assist in management control and monitoring the implementation of strategy
- ✓ Informs new participants in the plan of their role and function
- ✓ To obtain resources for implementation
- ✓ To stimulate thinking and make better use of resources
- ✓ Assignment of responsibilities, tasks and timing
- ✓ Awareness of problems, opportunities and threats
- ✓ Essential marketing information may have been missing
- ✓ If implementation is not carefully controlled by managers, the plan is worthless!
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### 1.3. Content of the Marketing Plan

A marketing plan for a small business typically includes Small Business Administration Description of competitors, including the level of demand for the product or service and the strengths and weaknesses of competitors

- ✓ Description of the product or service, including special features
- ✓ Marketing budget, including the advertising and promotional plan
- ✓ Description of the business location, including advantages and disadvantages for marketing
- ✓ Pricing strategy
- ✓ Market Segmentation

**Medium-sized and large organizations** - The main contents of a marketing plan are

- ✓ Executive Summary
- ✓ Situational Analysis
- ✓ Opportunities / Issue Analysis - SWOT Analysis
- ✓ Objectives
- ✓ Marketing Strategy
- ✓ Action Program (the operational marketing plan itself for the period under review)

- ✓ Financial Forecast
- ✓ Controls

In detail, a complete marketing plan typically includes:

- ✓ Title Page
- ✓ Executive Summary
- ✓ Current Situation - Macro-environment
  - ✓ economy
  - ✓ legal
  - ✓ government
  - ✓ technology
  - ✓ ecological
  - ✓ socio-cultural
  - ✓ supply chain
- ✓ Current Situation - Market Analysis
  - ✓ market definition
  - ✓ market size
  - ✓ market segmentation
  - ✓ industry structure and strategic groupings
  - ✓ Porter 5 forces analysis
  - ✓ competition and market share
  - ✓ competitors' strengths and weaknesses
  - ✓ market trends
- ✓ Current Situation - Consumer Analysis
  - ✓ nature of the buying decision
  - ✓ participants
  - ✓ demographics
  - ✓ psychographics
  - ✓ buyer motivation and expectations
  - ✓ loyalty segments
- ✓ Current Situation - Internal
  - ✓ company resources
    - ✓ financial
    - ✓ people
    - ✓ time
    - ✓ skills
  - ✓ objectives
    - ✓ mission statement and vision statement
    - ✓ corporate objectives
    - ✓ financial objective
    - ✓ marketing objectives
    - ✓ long term objectives
    - ✓ description of the basic business philosophy
  - ✓ corporate culture
- ✓ Summary of Situation Analysis

- ✓ external threats
- ✓ external opportunities
- ✓ internal strengths
- ✓ internal weaknesses
- ✓ Critical success factors in the industry
- ✓ Sustainable competitive advantage
- ✓ Marketing Research
  - ✓ information requirements
  - ✓ research methodology
  - ✓ research results
- ✓ Marketing Strategy - Product
  - ✓ Unique selling proposition (USP)
  - ✓ product mix
  - ✓ product strengths and weaknesses
  - ✓ perceptual mapping
  - ✓ product life cycle management and new product development
  - ✓ Brand name, brand image, and brand equity
  - ✓ the augmented product
  - ✓ product portfolio analysis
    - ✓ B.C.G. Analysis
    - ✓ contribution margin analysis
    - ✓ G.E. Multi Factoral analysis
    - ✓ Quality Function Deployment
- ✓ Marketing Strategy - segmented marketing actions and market share objectives
  - ✓ by product
  - ✓ by customer segment
  - ✓ by geographical market
  - ✓ by distribution channel
- ✓ Marketing Strategy - Price
  - ✓ pricing objectives
  - ✓ pricing method (e.g.: cost plus, demand based, or competitor indexing)
  - ✓ pricing strategy (e.g.: skimming, or penetration)
  - ✓ discounts and allowances
  - ✓ price elasticity and customer sensitivity
  - ✓ price zoning
  - ✓ break even analysis at various prices
- ✓ Marketing Strategy - Promotion
  - ✓ promotional goals
  - ✓ promotional mix
  - ✓ advertising reach, frequency, flights, theme, and media
  - ✓ sales force requirements, techniques, and management
  - ✓ sales promotion
  - ✓ publicity and public relations
  - ✓ electronic promotion (e.g.: web, or telephone)
  - ✓ word of mouth marketing (buzz)
  - ✓ viral marketing



- ✓ Marketing Strategy - Distribution
  - ✓ geographical coverage
  - ✓ distribution channels
  - ✓ physical distribution and logistics
  - ✓ electronic distribution
- ✓ Implementation
  - ✓ personnel requirements
    - ✓ assign responsibilities
    - ✓ give incentives
    - ✓ training on selling methods
  - ✓ financial requirements
  - ✓ management information systems requirements
  - ✓ month-by-month agenda
    - ✓ Gantt chart using PERT or critical path analysis systems
  - ✓ monitoring results and benchmarks
  - ✓ adjustment mechanism
  - ✓ contingencies (what ifs)
- ✓ Financial Summary
  - ✓ assumptions
  - ✓ pro-forma monthly income statement
  - ✓ contribution margin analysis
  - ✓ breakeven analysis
  - ✓ Monte Carlo method
  - ✓ ISI: Internet Strategic Intelligence
- ✓ Scenarios
  - ✓ prediction of future scenarios
  - ✓ plan of action for each scenario
- ✓ Controls
  - ✓ Performance indicator
  - ✓ provide feedback mechanisms
- ✓ Appendix
  - ✓ pictures and specifications of the new product
  - ✓ results from research already completed

#### **1.4. Progress Measurement**

The final stage of any marketing planning process is to establish targets (or standards) so that progress can be monitored. Accordingly, it is important to put both quantities and timescales into the marketing objectives (for example, to capture 20 percent by value of the market within two years) and into the corresponding strategies.

Changes in the environment mean that the forecasts often have to be changed. Along with these, the related plans may well also need to be changed. Continuous monitoring of performance, against predetermined targets, represents a most important aspect of this. However, perhaps even more important is the enforced discipline of a regular formal review. Again, as with forecasts, in many cases the best (most realistic) planning cycle will revolve around a quarterly review. Best of all, at least in terms of the quantifiable aspects of the plans, if not the wealth of backing detail, is

probably a quarterly rolling review – planning one full year ahead each new quarter. Of course, this does absorb more planning resource; but it also ensures that the plans embody the latest information, and – with attention focused on them so regularly – forces both the plans and their implementation to be realistic.

Plans only have validity if they are actually used to control the progress of a company: their success lies in their implementation, not in the writing'.

### **1.5. Performance Analysis**

The most important elements of marketing performance, which are normally tracked, are:

#### **Sales Analysis**

Most organizations track their sales results; or, in non-profit organizations for example, the number of clients. The more sophisticated track them in terms of 'sales variance' - the deviation from the target figures – which allows a more immediate picture of deviations to become evident.

'Micro-analysis', which is simply the normal management process of investigating detailed problems, then investigates the individual elements (individual products, sales territories, customers and so on) which are failing to meet targets

#### **Market Share Analysis**

Few organizations track market share though it is often an important metric. Though absolute sales might grow in an expanding market, a firm's share of the market can decrease which bodes ill for future sales when the market starts to drop. Where such market share is tracked, there may be a number of aspects which will be followed:

- ✓ overall market share
- ✓ segment share – that in the specific, targeted segment
- ✓ relative share

#### **Expense Analysis**

The key ratio to watch in this area is usually the 'marketing expense to sales ratio'; although this may be broken down into other elements (advertising to sales, sales administration to sales, and so on).

#### **Financial Analysis**

The "bottom line" of marketing activities should at least in theory, be the net profit (for all except non-profit organizations, where the comparable emphasis may be on remaining within budgeted costs). There are a number of separate performance figures and key ratios which need to be tracked:

- ✓ gross contribution<>net profit
- ✓ gross profit<>return on investment
- ✓ net contribution<>profit on sales

There can be considerable benefit in comparing these figures with those achieved by other organizations (especially those in the same industry); using, for instance, the figures which can be

obtained (in the UK) from 'The Centre for Interfirm Comparison'. The most sophisticated use of this approach, however, is typically by those making use of PIMS (Profit Impact of Management Strategies), initiated by the General Electric Company and then developed by Harvard Business School, but now run by the Strategic Planning Institute.

The above performance analyses concentrate on the quantitative measures which are directly related to short-term performance. But there are a number of indirect measures, essentially tracking customer attitudes, which can also indicate the organization's performance in terms of its longer-term marketing strengths and may accordingly be even more important indicators. Some useful measures are:

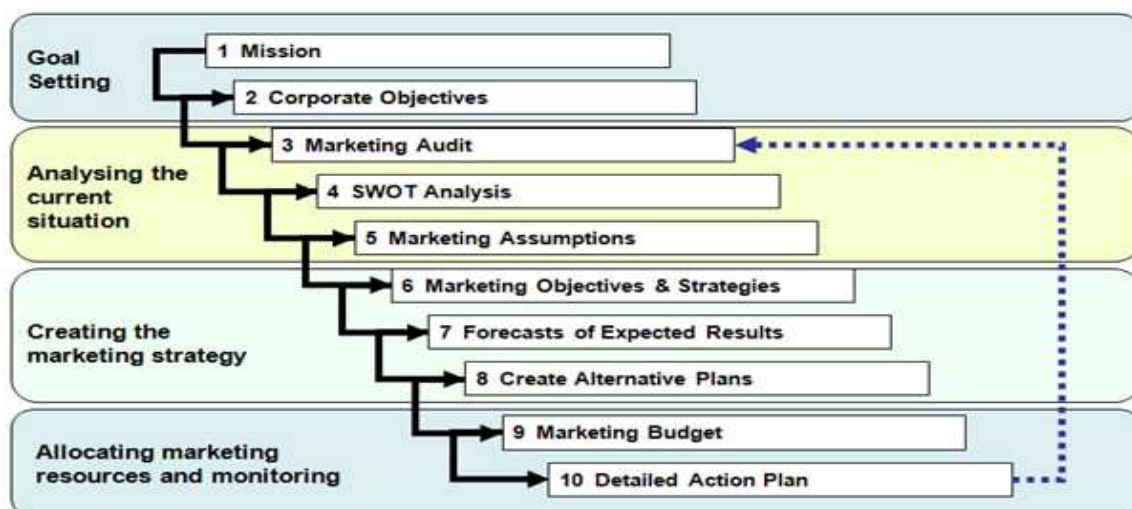
- ✓ market research – including customer panels (which are used to track changes over time)
- ✓ lost business – the orders which were lost because, for example, the stock was not available or the product did not meet the customer's exact requirements
- ✓ customer complaints – how many customers complain about the products or services, or the organization itself, and about what

### 1.6. Marketing Plans Usage

A formal, written marketing plan is essential; in that it provides an unambiguous reference point for activities throughout the planning period. However, perhaps the most important benefit of these plans is the planning process itself. This typically offers a unique opportunity, a forum, for information-rich and productively focused discussions between the various managers involved. The plan, together with the associated discussions, then provides an agreed context for their subsequent management activities, even for those not described in the plan itself. Additionally, marketing plans are included in business plans, offering data showing investors how the company will grow and most importantly, how they will get a return on investment.

### 1.7. Marketing Planning Process

Macdonald (1995) suggests that several stages to complete for a strategic marketing plan, which are



The extent to which each part of the above process needs to be carried out depends on the size and complexity of the business. In a small or undiversified business, where senior management has a strong knowledge and detailed understanding of the overall business, it may not be necessary to formalize the marketing planning process.

By contrast, in a highly diversified business, top level management will not have knowledge and expertise that matches subordinate management. In this situation, it makes sense to put formal marketing planning procedures in place throughout the organisation.

The main components of a marketing plan can be summarized as:

Component of the plan	Description
Mission statement	A meaningful statement of the purpose and direction of the business
Corporate objectives	The overall business objectives that shape the marketing plan
Marketing audit	The way the information for marketing planning is organised. Assesses the situation of marketing in the business - the products, resources, distribution methods, market shares, competitors etc
Market analysis	The markets the business is in (and targeting) - size , structure, growth etc
SWOT analysis	An assessment of the firm's current position, showing the strengths & weaknesses (internal factors) and opportunities and threats (external factors)
Marketing objectives and strategies	What the marketing function wants to achieve (consistent with corporate objectives) and how it intends to do it
Marketing budget	Usually a detailed budget for the next year and an outline budget for the next 2-3 years
Action plan	The detailed implementation plan

To be effective, marketing has to provide a means by which an organization can focus its resources to meet the needs of their chosen customer efficiently. First, it is important to know where you are starting from second is the decision on where you wish to go in the future. These objectives must be agreed as well as decisions on targeting and positioning. There is a link between these first two steps as it is sometimes difficult to set objectives in isolation of the starting position, so often these first two steps take place concurrently. Third is the planning of how to achieve these objectives, which will involve the efficient implementation of specific marketing tasks such as promotion, product development, distribution and other elements of the marketing mix. To achieve this requires the acquisition and allocation of investment resources such as those required for new product development and promotion. It also involves the coordination of marketing with all the other functions of the organization. Finally, we need to know how to monitor our progress and ensure we arrive at our destination.

The marketing planning process has evolved to provide a framework for all four of these activities. For small organizations this is a straightforward process involving well established stages and, if

required, the production of a document, 'The Marketing Plan'. Often this can be used as the basis for negotiations with organizations such as banks, which can provide start-up finance for a new venture or additional finance for expansion.

In many large organizations, marketing planning has become an established formal procedure and part of the strategic planning process. In this context, it is sometimes necessary to coordinate the marketing of a range of diverse products. This inevitably makes the process more complicated but potentially more beneficial. Also, in many large organizations it has been found that the process itself has improved the level of cooperation between different business functions, and the involvement of the managers involved.

Stage	Question	Answer
Stage 1	Where are we starting from?	The marketing audit.
Stage 2	Where do we want to be?	Marketing objectives; Targeting and positioning; Product range analysis
Stage 3	How do we get there?	Marketing mix strategies and resource allocation.
Stage 4	How do we ensure we get there?	Control and feedback.

It is fundamental to effective planning that there has to be a goal to aim for. A good, and often used, analogy is that of a journey since the route can be planned only if the starting point and the destination are both known. This does not go far enough since the real purpose of planning is to improve the effectiveness in achieving an agreed objective or task. When considering the journey this could be the reducing of the time taken to reach the destination. But, of course, to decide between the different options it is necessary that the objectives must be known. The situation tends to be more complicated in the social or business context since many, apparently sensible, objectives are not fixed, like a point on a map for example, but instead they are moving targets, such as being market leader. It is often difficult to formulate useful objectives even for commercial organizations where the basic objective is to increase asset value within acceptable levels of risk. It is even more difficult for other types of organization.

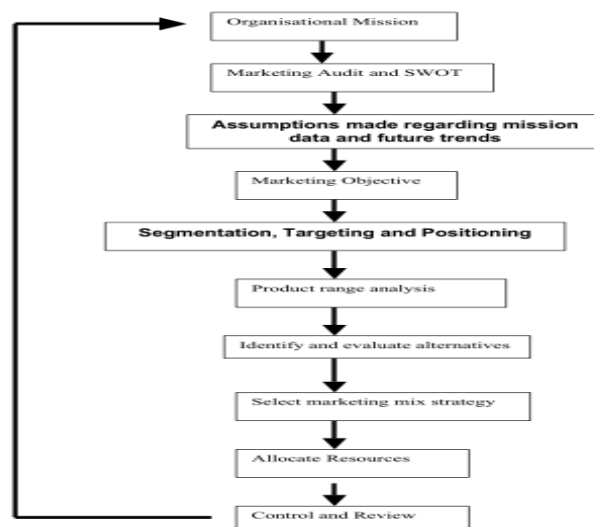
One approach which has been adopted by many large organizations is to set overall objectives in a mission statement. This sets out how that organization intends to fulfill its main business objectives while recognizing the legitimate interests of other stakeholders such as customers, employees, suppliers and the communities in which the organization operates. The mission statement is an important communication from an organization and so it must also be seen as part of the overall marketing statement made by the company.

While a mission statement tends to be a general statement, objectives for any business, big or small, need to be specific to that business. For instance, say an entrepreneur wished to open a clothes shop in a town where there are already all the standard high street retailers. Then he is likely to be more successful if his objective is framed to emphasize how his offering and shop will differ from the competitors' shops.

In a town there are already two record stores. One is a Virgin Records, centrally located and concentrating on chart music and videos. The other store has a preponderance of Classical and Jazz but also carries the current top hits. What opportunities would exist for an independent

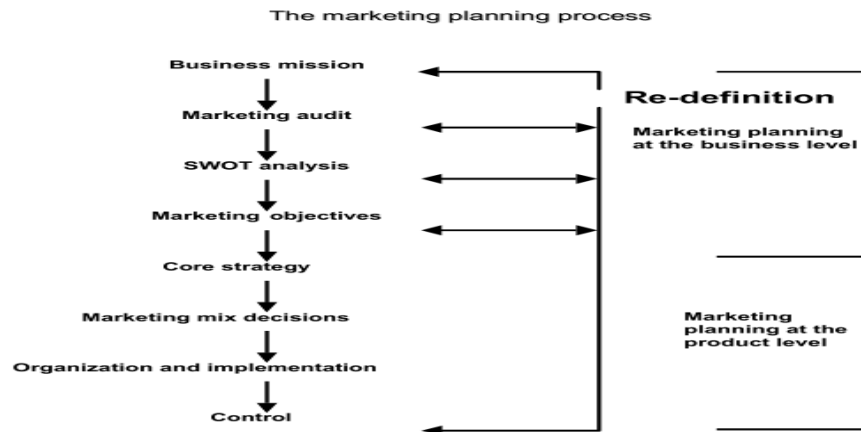
record store to be run by two former group musicians? And what objectives would you suggest are appropriate in this situation?

The objective once set then needs to be set in the context of the skills and resources available to the business. This involves recognizing what these are in comparison to the competition. While this is comparatively easy where the business is small, it is increasingly difficult as organizations become larger. The process is however the same and will cover the total organization. This has become known as the business audit. Marketers are interested in a key element of the business audit, which covers marketing issues. This is termed the marketing audit.



It is likely that the planning will be an iterative, rather than a sequential, process since the selection of a strategy is likely to affect the perception of the objectives and, as a result, these will be amended thereby requiring the strategy to be reconsidered. The process will be further complicated by the need to impose assumptions on both the objectives and strategy. These may involve estimations relating to data, which is not available, the continuation or reversal of present trends, the timing of anticipated events and so on. The assumptions are often summarized as a forecast, which can then be used to develop a provisional budget. The budget can then be used as the basis for subsequent stages of the planning process.

It is essential that the assumptions upon which such a forecast is based are clearly stated since it will allow the forecast to be amended as the assumptions respond to any changes in the situation upon which they were based. The logic of this can easily be lost once the forecast has been buried within a carefully constructed budget and the outcome subjected to a variance analysis. While it is fundamental to the use of marketing budgets, the impact resulting from having to revise assumptions can be minimized by the planning process



### Why is Marketing Planning Necessary?

- ✓ Systematic futuristic thinking by management
- ✓ Better co-ordination of company efforts
- ✓ Development of better performance standards for control
- ✓ Sharpening of objectives and policies
- ✓ Better prepare for sudden new developments
- ✓ Managers have a vivid sense of participation
- ✓ Criticisms of Marketing Planning
- ✓ Formal plans can be quickly overtaken by events
- ✓ Elements of the plan may be kept secret for no reason
- ✓ Gulf between senior managers and implementing managers
- ✓ The plan needs a sub-scheme of actions