Marketing Plan

In this module, you will learn to develop a strategic marketing plan to establish competitive advantage.

Contents

1>

Why do I need a marketing plan?

A marketing plan helps you establish strategic direction and positioning.

Tip

Building Flexibility
It is important to note that some flexibility is needed in your plan to respond to market changes. Making appropriate adjustments to what you can control in your plan will allow you to meet your goals despite changes in the market.

Therefore it is critical that you continuously evaluate what you have done, study the result and determine how far you are from your objectives.

As you put together your marketing plan, you start thinking through your business and gain a better understanding of your customers, competitors and your market. This puts you in a better position to manage risks and capitalise on opportunities in the market. You will gain insights on how to innovate and meet your customers' needs on a deeper level. With a concrete plan to grow your business, you can win confidence from potential investors, partners and financial institutions.

It also guides you in resource and budget planning. It can even help you manage implementation of marketing activities to gain a competitive advantage.

Before developing a marketing plan, read the Market Assessment module to find out how to evaluate your plans before you enter a new market, develop a new product, pursue a new business idea or even invest in another company. Once you have made your decision to continue, develop a Marketing Plan to identify and plan the activities you need to implement to succeed.

Your Vision and Mission
Where are you now? Where do you want to be?
How can you get there?
Set SMART objectives.

The Business Environment
Understand forces in the business environment that you cannot control and how they will affect your business. Analyse the four forces: political/legal, economic, socio-cultural and technological.

Your Competitive Position
Understand your company, competition and customers.
Analyse them to tap on your strengths, improve your weaknesses, seize opportunities and minimise threats.

Potential Customers
Identify customers who have a similar need.
Position your product to meet that need.
Create a value proposition to attract this segment.

Marketing Strategy
Determine your marketing strategy.
Do you target a wider audience or a niche market?
Do you attract consumers using product differentiation or pricing?

Best Marketing Mix
Address the 4 Ps: product, price, promotion and place.
Ensure that each component addresses your target market and supports your value propositions.

Implement and Evaluate
Plan the implementation of your strategy.
Decide what needs to be done, when it should be done, where it should be done, who will do it and find out how much it will cost.
You need to measure and evaluate the outcome. Make appropriate adjustments where necessary.

2>
How do I develop a marketing plan?

Vision and mission statements create internal awareness of your company's goals and align everyone in pursuit of these goals.

With these statements in mind, you can formulate strategies to reach your target market. Encourage your employees to be creative in achieving marketing goals and empower them to do what is right.

[A vision statement defines your intentions for the future and what is necessary to succeed.]

It represents what you envision your business to be, what is important to your organisation, and identifies and positions the organisation for the long term. For example, The Marketing Institute of Singapore's vision is "Creating Marketers".

[A mission statement defines the scope of activities that will help you achieve your objectives.]

It tells others about your current activities and states your social mission, both external and internal, and other dimensions of corporate image. For example, The Marketing Institute of Singapore's mission is to create marketers through quality education and training.

Remember that your mission statement should support you in achieving your vision.

Think About It

Companies with vision
Consider the following vision statements. Notice how they differ even though they belong to companies in the same industry. Do you know which companies own each of the following statements?

(a) "Inspire the World, Create the Future."

(b) "Global Top 3 by 2010 in Telecommunication and Electronics"

(c) "No.1 Green Innovation Company in the Electronics Industry in 2018"

Answer:
(a)Samsung (b)LG (c)Panasonic

Case Studies

LG Electronics set its mid and long term vision to rank among the top 3 electronics, information, and telecommunication firms in the world by 2010. As such, it builds its growth strategy, core competencies and corporate culture to support the achievement of this goal.

Panasonic set out to achieve its vision of being the number 1 Green Innovation company in the Electronics industry by 2018, the 100th anniversary of its founding. Its vision drives its decision to make the 'environment' central to all of its business activities and take the lead in promoting the 'Green Revolution', and is put into practice through its two areas of innovation.

Ben & Jerry's has defined its mission from three aspects – social, product and economic. Their mission statements guide their choice of activities and messages, with the aim of giving deeper meaning and worth to their business. This clearly differentiates Ben & Jerry's from other ice cream brands.

Tip

Set SMART Objectives
Set short to mid-term goals that are aligned to your Vision and Mission.

Specific about what to achieve
- LG targeted the electronics and telecommunication sectors

Measurable so that you know when you have achieved it
- LG wanted to be Top 3

Ambitious to stretch you and your team to achieve more
- LG's aimed high even though there were few truly successful Korean companies at that time

Realistic so as not to demoralise
- LG understood the market potential and their own strengths, and set an ambitious yet achievable goal

Time-framed to feel the urgency and focus
- LG had five years in which to become Top 3. Typically, short-term goals are designed to be achieved within 1-2 years, and mid to long term goals around 3~5 years, depending on the industry.

Gather your key team members and begin by writing down the key components of your current vision and mission statements. Brainstorm and discuss ways to refine them.

Look at your vision statement.

- Does it address what you envision for the company in terms of growth, values, guiding beliefs, employees, contributions to society, psychological or human value?
- Does it give your employees direction about how they are expected to behave? Does it inspire them to give their best?
- Does it shape the way your customers view your organisation?

Look at your mission statement.

- Does it clearly differentiate you from other organisations?
- Has it identified the real and/or psychological needs that are fulfilled when customers buy your products or services?
- Does it describe the unique differentiator of your product or service or how it is sold and delivered to customers?
- Have you clearly identified your “best opportunity customers” in terms of demographics, psychographics and geographics?
- Are your measurements of success specific, measurable, ambitious yet realistic, and linked to a time frame?

Analyse your environment to determine the potential of your business.

Think About It

External factors
Rank the following five factors, which are beyond your control and likely to impact your business, in order of significance:

- Foreign exchange or interest rates
- Government policies
- Regulations
- Youth culture
- Think of one more that is specific to your industry / business area / company

Are there factors that you were not aware of before doing this exercise? Do you have a strategy for dealing with them?

In any business environment, there are many factors beyond your control that will affect your business, both positively as well as negatively. Since you will not be able to influence these factors, it is wise for you to understand them in order to take appropriate steps to minimise threats to your business. Understanding how these factors can also positively impact your business will help you look for advantages and opportunities to exploit.

In the next section, you will learn how to use the PEST analysis to assess your business environment. The PEST analysis is a useful tool used to assess the potential of a business or to review its growth in the context of the environment it is operating in.

Tip

Key factors
When doing the PEST analysis, focus on those with the greatest impact on your business at this point in time. Most importantly, you must identify the key factors particular to your business. For example, if you are in the pharmaceutical business, government regulation on healthcare may be critical. If you are using the PEST analysis to compare options, develop a system for scoring of each factor to help you in your decision.

Political / Legal | Economic | Social-cultural | Technological

Political and legal factors take into consideration the political party in power, government policies affecting the economy and the degree of government intervention.

In developing the economy, the government often influences healthcare, education, workforce and infrastructure. The government may also implement policies on the types of goods and services they want to encourage or restrict.

Legal factors take into consideration issues pertaining to the law. They include consumer law, antitrust law, employment law, tax policy, labour law, environmental law, health and safety law, trade restrictions and tariffs. For example, limits to the number of foreign hires and increases in minimum wage will affect your operational costs. Changes to intellectual property laws can affect your claims to ownership.

All these factors can affect how you operate, the cost of running your business, and demand for your products. They have direct impact on the economy, and can also directly or indirectly affect the cost of running your business and your bottom line. Think through the following questions.

- Is there sufficient stability in the government?
- How do restrictions on, or encouragement of, specific goods and services by the government affect your business?
- Are there government initiatives or incentives that can aid you in growing your business?
- What are some laws that could benefit or disadvantage your business?
- Are there any impending changes in legislation?

Economic factors include interest rates, economic growth, taxation changes, inflation and exchange rates. They impact how your business operates and the decisions you make.

Economic

Social-cultural

Technological

Ways Economic Factors Can Affect You

Interest rates affect your company's capital cost and the extent your business grows and expands; higher interest rates tend to deter investment as it becomes more expensive to borrow money.

Exchange rates affect the cost of exporting goods and the price of imported goods in the economy. Demand in overseas markets can be affected because a strong currency makes your product more expensive while instability of foreign currency causes uncertainty and hesitation to purchase.

Inflation may cause employees to demand higher wages and increase your overhead costs while economic growth may increase the demand for

Socio-Cultural factors take into consideration trends, behaviour or attitude changes related to culture, health awareness, population growth rate, age distribution, career attitudes and safety expectations.

Changes in social-cultural factors have direct impact on your business operations and demand for your products. You must be able to adapt to these changes and adapt your strategies accordingly.

- An aging population requires more medical health care and perhaps less demand for some other products and services. They may also be less likely to work, possibly reducing the workforce and increasing your labour cost.
- A young workforce will have different expectations of job responsibilities and satisfaction. Growing competition for talent will require companies to think seriously about how to attract them.
- With growing awareness of environment and corporate social responsibility, you will need to address the concerns of consumers and lobby groups.
- When doing business in a foreign culture and society, you will need to be sensitive to cultural, superstitious and religious issues.

Social-cultural
Technological

Technological factors include technological and technical aspects such as research and development activities, speed of technology commercialisation, rate of technological change and automation.

Technology can lead to innovation, reduced costs and improved quality. Companies that own or use these technologies can win customers by offering better products and value. New ways of doing business have also been made possible with the development of systems such as Electronic Data Interchange (EDI), Radio-frequency Identification (RFID) and computer-aided design.

To-do List

- ✓ Assess the technologies available in the market. New technologies and processes can help develop new products; MP4 players, interactive video games, online gambling and high definition flat screen TVs are all new products created by technological advances. The products they have replaced no longer hold sway in the market.
- ✓ Assess whether there are limitations in technology infrastructure when entering a new market. This will dictate the minimum efficient production level and influence outsourcing decisions.
- ✓ Find out whether there are incentives for technology developments in the market you are intending to enter.

Technological

Tip

Impact vs Likelihood
Write down the key environmental factors that are likely to impact your business. Decide on the relative importance of each factor based on its likelihood of change and magnitude of possible impact.

2 High Impact/ Low Likelihood	**1** High Impact/ High Likelihood
4 Low Impact/ Low Likelihood	**3** Low Impact/ High Likelihood

Identify the most significant factors, paying extra attention to those that fall within "High Impact" (Boxes 1 & 2).

Think about what can you do to manage these risks, taking into consideration their likelihood and consequences. Find opportunities even in the midst of changes or challenges. Pick out factors that are more likely to bring about a change in attitude or behaviour in your customers.

Do a quick run through factors which you have dismissed. This is to ensure that you have not too quickly dismissed something and missed a hidden threat or opportunity.

Analyse your company, competitors and customers to find out how distinctive you are in the market.

> "So it is said that if you know your enemies and know yourself, you can win a hundred battles without a single loss.
>
> If you only know yourself, but not your opponent, you may win or may lose.
>
> If you know neither yourself nor your enemy, you will always endanger yourself."
>
> Sun Tzu, The Art of War

Rather than relying on impressions and gut feel to make your marketing decisions, you should map out the competitive landscape and frequently reassess your position against your competitors in the market. A better understanding of how your strengths and weaknesses play out against each other will enable you to find innovative ways to position yourself for long term success.

Before you start analysing your company, competitors and customers, it is important for you to understand what is happening in the industry. Changes in the industry can create opportunities or threaten your business. Below are some areas you should find out more about:

- Industry size, growth, and composition
- Number of competitors
- Strategic alliances among competitors
- Industry changes
- Consolidation trends
- Typical marketing practices
- New technologies and products
- Industry strengths and weaknesses

It is important to understand the strengths and weaknesses of your company. Be honest and realistic in your assessment.

The following are some areas you might want to include in your assessment of your company:

- Brand name
- Company/product/brand image
- Product quality
- Position in the industry
- Alliances with other firms
- Economies of scale
- Proprietary technology
- Patented processes
- Costs (raw materials or processes)
- Financial resources
- Distribution skills
- Management talent
- Marketing skills
- Employee commitment

Being well-informed about your competitors gives you an edge and puts you in a better position to plan your strategy.

The following are some areas you might want to include in your assessment of your competitors:

- Business scope
- Objectives and goals
- Market position
- Growth trends
- Target market and customer base
- Marketing programme
- Positioning strategy
- Management experience and capabilities
- Financial, technical, and operational capabilities
- Key competitive advantages such as access to resources, patents etc.
- Similarity of products to yours
- Any weaknesses in management and capabilities
- Other factors that may be specific to your industry

Act on It

Analyse Your Competitive Position

Now that you have gained a better understanding of your company, competitors and customers, identify your strongest competitors and analyse your competitive position. You should review this periodically, or as and when new information is available.

Below are some definitions that you need to know to use the template.

- **Core products** are key products that contribute to the bulk of revenue
- **Facilitating products** are other products that contribute to revenue
- **Strengths** of your competitor which gives them a competitive edge
- **Weaknesses** of your competitor which puts you in a stronger position
- Value refers to the benefits perceived by your customer
- **Emerging competitors** are new players in the market selling products that can replace yours. For example, handphones with high resolution cameras can substitute stand-alone digital cameras.

Use the editable template: Analyse Your Competitive Position

The more you know about your customers, the better you will be at developing products that your customers want and need. Identify factors that are most important to them. This will highlight factors about your company and competitors that should matter most to you.

The following are some areas you might want to include in your assessment of your customers:

- Needs and wants
- Personality
- Values
- Interests
- Lifestyle
- Buying habits
- Preferences
- Usage requirements
- Decision-making process
- Budget

STEP 4

Identify potential customers. You can choose to see everyone as your potential customers or focus on a specific segment or group of people to be more effective.

Grouping consumers allow you to identify which group is the most appropriate target for your products. You can efficiently and effectively use marketing activities to engage them and convert them into your customers.

First, you will need to identify how the market is divided for the product that you are providing. Think along the following variables to help you identify the different customer groups:

- Geography : region , population, climate
- Demographics : age, gender, income, family size, family lifecycle
- Psychographics : lifestyle, personality, interests, habits, values
- Behaviour : usage, loyalty, readiness to purchase, attitude towards product, buying decision
- Benefits : social status, health, emotions

Next, evaluate these different market segments and your own goals to find out which is the most appropriate segment for your product.

- Customer group's overall attractiveness
  Is the potential segment attractive based on market size, growth potential, profitability, scale economies and risk?
- Company's objectives and resources
  Is it worth investing in this customer group given the firm's objectives, competencies, and resources?

Think About It

Different customer segments
Consider the various credit cards in the market. What is unique about each card and who does it appeal to?

On the surface, they may look like they are all providing a similar service. In reality, each card is positioned differently even if they are issued by the same provider. Card providers have expertly segmented customer groups and customised a palette of services for each credit card to meet the needs and wants of each group.

Act on It

Identify Your Best Customers
Now that you have identified the different groups of customers in the market, you need to select your best customers. These are customer groups with needs that you are able to meet adequately. Develop your value proposition for each of them.

Use the editable template: Identify Your Best Customers

Tip

Unique Selling Proposition Statement

Insert the relevant information within the brackets < >:

<Your product or brand name> is a <product category you want to be recognised in> which provides <unique benefit that persuades purchase> to <targeted customer group> who have <unfilled need or opportunity for use> because it is <unique and competitive characteristic, offer proof or reason>.

Develop your unique selling proposition. Then communicate the unique value and benefits of buying your product, rather than just technical specifications or basic functions. Customers want to know “what is in it for them” and whether it is reason enough to buy your product, and not your competitor’s.

To communicate your unique selling proposition, you need to address the following aspects:

- ✓ State specific benefits that come with your product. Make sure you move beyond the obvious functional benefits
- ✓ Offer a unique benefit that your competitors do not offer
- ✓ Offer a benefit that is meaningful and meets a real need, whether or not it is a need that is currently felt

STEP 5

Select a marketing strategy to pursue a market position which gives you sustainable competitive advantage and increased market share.

You must decide, based on your strengths, capabilities and resources, whether you should employ strategies based on cost or differentiation, and whether you should target a wider or focused audience. The following are four common strategies adapted from Michael Porter's Competitive Strategies:

Comparison of the four strategies

	Low-Cost Strategy	Differentiation Strategy	Best-Cost Strategy	Focus or Niche Strategy
Strengths	Achieves lower overall costs than competitors through expertise, efficiency and better management of resources. Can innovate to create uniqueness that is not easily copied or matched.	Provides a product with unique and appealing attributes valued by customers. Enjoys strong brand loyalty, commands a premium price and increased sales.	Combines low-cost and differentiation strategies by providing a quality product at a lower price. This gives customers more value for their money. Can innovate to create uniqueness that is not easily copied or matched.	Focuses on a selected customer segment. Able to defend against challengers with ability to serve niche customers. Enjoys strong brand loyalty and commands a premium price. Can innovate to create uniqueness that is not easily copied or matched.
When should you choose this strategy?	Use this when there are a large number of competitors, strong price competition and the products are standardised. Customers typically use the product in the same way. Competitors are usually large companies, have strong bargaining power and can easily switch from one supplier to another. Newcomers can use this strategy to attract buyers and build customer base.	Use this when buyers' needs and uses of the product are diverse and there are many ways to differentiate your product to create value. There are usually few rivals following a similar differentiation approach. Technological change and product innovation tend to be fast-paced.	Use this when you can match close competitors on key product features and attributes, and want to beat them on pricing. You should be able to provide attractive performance and features at a lower cost than rivals. Consider this strategy when customers require more than standard features and are both price and value sensitive.	Use this when the niche market is big enough to be profitable, shows good growth potential and you can effectively serve customers based on your resources and capabilities. There are usually few rivals and it tends to be costly or difficult for multi-segment competitors to try and meet specialised needs of niche customers.
What are the risks you may need to manage?	Competitors can imitate or find other ways to lower costs. Being too focused on cost-reduction may result in the overlooking of important changes in consumers' requirement for additional features, reduced sensitivity to price, ways of usage of product and emergence of new technologies that can help cost reductions for rivals.	Buyers may see little value in the uniqueness you are offering and perceive your price to be too high. Some appealing product features may also be copied by rivals. Indulgence in over-differentiating results in unnecessary product features that exceed buyers' needs. You may even overlook quality, service, or performance features vis-à-vis rivals' products that buyers consider essential.	You may be caught in between rivals using low-cost and differentiation strategies. Low-cost leaders can lure customers away with a lower price. High-end differentiators can capture customers with better product attributes or features.	Competitors may be able to effectively match your capabilities in serving niche customers and thus erode your profits. Niche buyers' preferences shift towards the majority and they become part of the overall market.

STEP 6

Determine the best marketing mix. Choose a combination of tactical moves to put your product in front of the right customer at the right place, at the right price and at the right time.

Think About It

What's the marketing mix?
Think of two watch brands that fit the following description:

One has a range of good quality watches with bold new styles and designs. These watches are accessible to everyone. The other has a range of limited edition luxurious timepieces targeted at the discerning watch collector.

Would you promote them in the same way? Would you sell them in the same shop? Would they be sold in the same price range?

A good marketing campaign is vital even when you have the best product. Most of us would have heard of some brilliant product that did not make it because not enough thought went into marketing it.

Going through a planning process before launching your marketing campaign will help you reduce costs and achieve better results for the same investment of time and money. Below are four components of your marketing mix that you need to think through:

Product Strategy

Tip

Product Life Cycle
Each product goes through a product life cycle with each stage signaling a different level of response from the market. The length of each stage varies from one product to another.

Introduction
Growth
Maturity
Sales decline

You need to know:
Your product's current life cycle stage. This is for you to adjust your marketing strategy accordingly.

The length and rate of change of your product's life cycle. You need to constantly innovate to extend your product life cycle or to introduce a successor.

Your customers. This is to anticipate any change in needs that could threaten your product, or spell new opportunities for expansion.

Very often, companies focus only on the core aspects of their products when devising their product strategy.

They put in a lot of effort on the product and its functions and design but neglect equally important areas that make it easier or more desirable to buy their product. These areas include nicer packaging, longer warranty and clearer installation instructions. They can be used to differentiate from competitors. Make sure your product strategy covers all three components:

Support Services Component

Packaging Component

Core Component
Product platform
Design features
Functional features

Trademark
Brand
Price
Quality
Packaging
Styling

Repair & Maintenance
Installation
Instructions
Deliveries
Warranty
Spare parts
Other services

Core components include product, design and functions.

Be clear about what are you selling. What is the benefit that you are offering your customers? Is it relaxation, status, knowledge, efficiency or convenience? Look into product-line variations to satisfy different needs and to secure your customers.

Package your product to attract customers with its color, style, brand and quality.

Find a good trade-off point between the attractiveness of your packaging and cost to maintain profitability.

Augment your product through a palette of support services such as warranty, delivery, maintenance and upgrading services.

Promotion Strategy

Your promotion strategy is the way you convey information to your target customers to positively influence what they think of your business and convince them to buy from you.

Everything you do or don't do communicates something about your business. Therefore you need to plan your promotions carefully. See "Promotions, Sales and Lead".

Below are some suggestions that you can try out to achieve your company's aims of communicating with customers, attracting and retaining them and increasing sales.

To attract or retain customers

- Give out free samples or premiums (free gifts or prizes)
- Create novelty
- Issue discount coupons or rebates
- Start a loyalty or rewards programme
- Offer bundle or volume pricing

To communicate your brand and nature of business

- Distribute brochures or leaflets
- Send direct mails
- Use point-of-purchase displays
- Conduct seminars or give talks

To increase sales

- Have an effective sales management process
- Train your sales people
- Develop sales promotion tools
- Co-operate with partners
- Participate in trade shows

Channel Strategy

> **Tip**
>
> **Impact of the Internet**
> The Internet has the potential to dramatically change the balance of power among consumers, retailers, distributors, manufacturers and service providers in the international marketplace.
>
> While the Internet is necessary for companies to engage their customers, it is important for companies to consider e-commerce carefully. Some companies adopt a "no e-commerce" policy with only a website presence on the Internet.

Channel strategy is probably the most complex among the marketing mix strategies. It requires clear analysis on what your business model is about.

There is no one correct model for all markets. Each market is unique and you need to understand both the market and the situation to adopt the most appropriate distribution method for that market.

To understand the market, you need to consider these factors:

- Is your product targeted at consumers or businesses?
- Do you sell through partners or do you deal directly with consumers?
- Is the market large? What is the expected reach?
- Are there issues and complexity in distribution? These can be a result of terrain, competition or other factors.
- How much control over the channel do you require?
- Are there any key players in the market? Who are they and what products do they carry? Will they work with you or against you?
- Do you have bargaining power? If so, what is it based on?

Channel length refers to the number of intermediaries between you and your end customer. This will impact the cost of your product and control over distribution. While a longer channel length may help achieve a wider reach, it also means less influence or control over intermediaries further down the line. You need to strike a balance. Channel control is important as consistent quality and image is necessary for long term success.

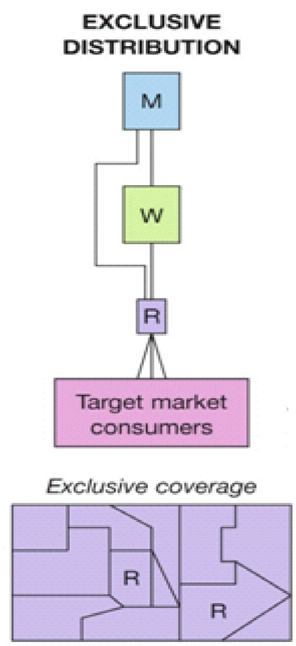
Channel width refers to the number of entities available for providing the same distribution function at different stages of a distribution channel. Selection of the appropriate channel width is based on the type of product and target segment. You must also consider the impact on distribution and brand image. Some examples of distribution strategies of different channel widths are shown on the next few pages.

Exclusive Distribution

Case Study

Exclusive partners
Wisconsin Ginseng & Herb Co-op appointed Eu Yan Sang as its exclusive worldwide distributor for the Wisconsin-grown American Ginseng, one of the world's finest forms of ginseng.

By granting an exclusive distributorship, Wisconsin gains access to Eu Yan Sang's regional network of retail outlets and traditional medical clinics where the products may be prescribed and consumed. Wisconsin also secured the commitment of Eu Yan Sang to ensure the success of the product, as they now have a business interest in it.



M : Manufacturer
W : Wholesaler
R : Retailer

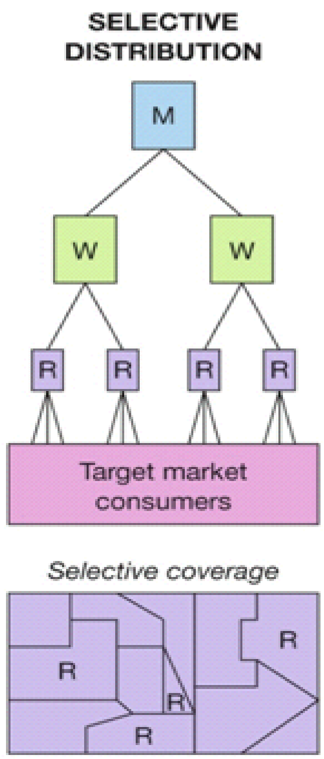
Sales licence in a specified market is given exclusively to one dealer.

This model is used when:
- Before and after sales care of customers is important
- An element of exclusivity and premium is desirable for image to avoid price competition. For example, branded and luxury items.

You must provide the dealer with an incentive to help you drive your product. Careful evaluation of a potential partner is important, because if your exclusive distributor does not perform, it will have a direct and immediate impact on your business.

Selective Distribution

> **Case Study**
>
> **Changing with the times**
> Dell Computer started with a business model of going direct to its customers. Customers could call their hotline and place orders for their computers. The products will then be delivered directly to their customers, bypassing the need for a middleman.
>
> As time went on, customer needs evolved and the direct model no longer worked well for Dell. Customers buying notebooks now prefer to "touch and feel" the product before purchasing. To address this, Dell decided to expand their distribution network by adopting the selective distribution approach. They carefully selected suitable resellers where the Dell computers can be displayed so that customers can have "hands on" experience with their products.



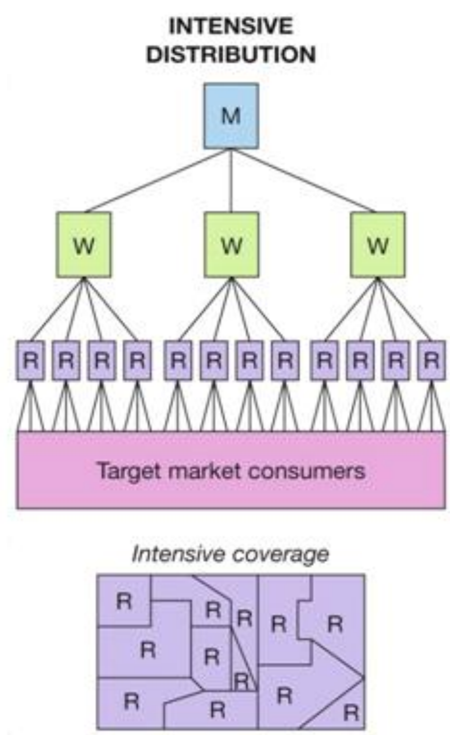
Sales licence in a specified market is given to several dealers. The purpose is to keep both brand image and relatively wide coverage.

This model is used when:

- Some form of exclusivity is still required to maintain an element of exclusivity and premium. Yet, a larger number of partners is needed to reach out to the large market.
- Some form of competition is desirable between partners. This also ensures that there are alternative partners to fall back on should any partner not perform.

A system of selection should be set up to ensure all dealers meet a certain standard. Typically, you would select dealers whose sales are efficient and provide intensive support to them.

Intensive Distribution



Sales licence in a specified market is given to an unlimited number of dealers.

This model is used when:

- The intention is to create accessibility and allow consumers to buy your products anywhere and everywhere.
- It is necessary to have a wide coverage of the market.
- Dealers often compete with each other on price.

Case Study

A can of cola
Intensive distribution is required since no customers will travel to an exclusive distributor to buy a can of cola. The more easily available the product the higher chance of sale, since customers have easy access to the product. The distribution channels may range from vending machines to 5-star hotels.

Price Strategy

Pricing decisions are made amidst a changing market landscape. You need to take into consideration the market environment, competitors' products, your company's range of products, changing consumer tastes, disposable incomes, and a host of other external and internal factors.

1> Selecting the pricing objective.

2> Determining demand.

3> Estimating costs.

4> Analysing competitors' costs, prices and offers.

5> Selecting a pricing method.

6> Selecting the final price.

Pricing decisions are central to your decisions on marketing strategy and choice of marketing mix.

[You may base your marketing mix on price.]

Your market research may have identified a market segment for inexpensive instant coffee. You might then set a target selling price and then select ingredients and roasting processes which will keep the product price within this target. In this case, price is the starting point that determines product positioning, product formulation, packaging, promotional strategy and distribution.

[You may base your price on your marketing mix.]

You may decide that in order to achieve sufficient market penetration, the product must be promoted through mass media. The price of the product would have to be set to cover the cost of this relatively expensive channel of communication. If your marketing plans include building a new product image, gaining access to a special channel of distribution or using an innovative form of packaging, the price would also have to be adjusted to cover any additional costs.

A good starting point from which to decide on an optimal price is to first determine the objectives you want to achieve.

This will then give direction to your pricing decisions.

- Do you want to achieve maximum market penetration? You will need to set the lowest price possible to capture market share.
- Do you want to achieve maximum profit? You will need to set the highest price possible, while taking into consideration demand. This may also communicate the image of a superior product.
- Do you just want to survive in the market? You can look at short-term solutions where the price simply covers variable cost and some fixed costs.

[TIME]

Market skimming: Set a relatively high initial price for a new product.
Market penetration: Set a relatively low initial price for a new product.
Loss leader: Temporary price cut on a few items to attract customers; used to attract traffic.
Special event: Sales or price cutting that is linked to a holiday, season, or event.

[VALUE]

Product line (or price lining): Set a limited number of prices for selected groups or lines of merchandise; suitable for retail
Single (or uniform): All items sold by the company carry a single price. For example, Daiso's $2 policy.
Flexible (or variable): Similar customers may pay different prices when buying identical quantities of a product. For example, trade-ins and bargaining.
Value: Adopt a lower price while maintaining the product's basic value.

Next, choose and combine any of these pricing methods.

[PRODUCT-PLUS]

Optional product: Price optional products or accessories along with a main product. For example, purchasing a car with optional add-ons such as leather seats and sports rims.
Captive product: Set a price for products that must be used along with a main product. For example, ink cartridges for a printer.
Two part: Charge a fixed fee plus a variable usage fee; suitable for service companies. For example, telephone companies, and amusement parks.
Product bundle: Offer a package price for a group of related goods and services. For example, vacation packages.

[EMOTIONAL]

Psychological:Use odd pricing. For example, more products can be sold at $99 than at $100 as it gives the impression that it is cheaper.
Auspicious number: Set prices using numbers considered auspicious in the Chinese culture. For example, $168 means to be prosperous for a long time.
Prestige: Set prices at an artificially high level to give an image of prestige or quality.

When your competitors start cutting prices to increase market share, you may have to consider the following strategies.

- You can choose to maintain price if you think you will lose too much profit once price is reduced. You should anticipate that you will not lose too much market share and that you can easily regain lost share when necessary. For example, competitors' price cut is seen to be a temporary measure.
- You can choose to maintain price and add value if you are able to improve your product, design, functions, packaging or support services.
- You can choose to reduce price if the market is price sensitive and maintaining price will result in loss in market share. This is essential as it is hard to rebuild market share once it is lost. You should be able to reduce production costs with increased volume or at least, be able to manage a reduction in profits in the short run.
- You can choose to increase price and improve quality or introduce new products to take on your competitors.
- You can choose to launch a low-price fighter line or even create a separate, lower-priced brand.

3>
How do I implement and evaluate my marketing plan?

Act on It

Get results
Develop your implementation and evaluation plan using the template provided.

Use the editable template: Develop a Marketing Plan

Ensure that your marketing strategy translates into real results by implementing it right, evaluating the outcome, reviewing areas for improvement and rewarding people for a job well done.

You will need an implementation plan to help you manage what you need to do. While a good plan is necessary, ultimately it comes down to how you and your team execute the plan. Identify skilled implementers, communicate your plan to them effectively and put in place incentives.

When developing your implementation plan, you will need to consider the following questions.
- ✓ What are the activities to be implemented?
- ✓ Who are responsible for the implementation?
- ✓ What time and where (location) to implement?
- ✓ How will the implementation be done?

Once you have implemented your plan, you will need to regularly evaluate how you have done. Make appropriate adjustments to your plan if needed to ensure you reach your goal.

Regular self-evaluation can help you to keep performance on target, solve problems, identify new opportunities to exploit, identify impending threats and manage them.

Acknowledgements

Aaker, D. A. (2004) Brand portfolio strategy:creating relevance,differentiation, energy,leverage and clarity.Free Press.

Aaker, D. A. (2007) *Strategic market management*. 8th edn. Wiley.

Aaker, D. A. & McLoughlin, D. (2007) Strategic market management,European edition. Wiley.

Aaker, D. A. & Mills, M.K. (2005) *Strategic marketing management: a pacific rim edition*, Milton, Qld: John Wiley and Sons.

Alsem, K. J. (2007) Strategic Marketing: An Applied Perspective. McGraw-Hill

Anderson, C. H. & Vincze, J.W. (2004) *Strategic marketing management* (2nd ed.). Boston, MA: Houghton Mifflin.

American Marketing Association. (2010). http://www.marketingpower.com

Ben and Jerry (2010). www.benjerry.com
Ben and Jerry's mission (2010). Retrieved from http://www.benjerry.com/company/sear/2005/sear05_3.2.cfm

Best, R. J. (2005) *Market-based management* (4th ed.). Upper Saddle River, New Jersey: Pearson Education.

Cateora, P. R. & Graham, J. (2007) *International Marketing*, 13th edition, McGraw-Hill.

Cravens, D. W. and Piercy, N. F. (2009) Strategic Marketing. 9th edn. McGraw-Hill.

Cunningham, S. M. (1967), "The Major Dimensions of Perceived Risk," In Donald F. Cox (eds.), Risk Taking and Information Handling in Consumer Behavior, Boston, MA: Harvard University Press, pp. 82-108.

Doyle, P. and Stern, P. (2006) Marketing Management and Strategy. 4th edn. Prentice Hall.

Drummond, G., Ensor, J. and Ashford, R. (2007) Strategic Marketing: Planning and Control. 3rd edn. Elsevier.

Ferrell, O.C. & Hartline, H.D. (2008) *Marketing strategy* (4th ed.). USA: Thomson, South-Western.

Food & Agriculture Organization of the United Nations, FAO Corporate Documents Repository, http://www.fao.org/docrep/004/w3240e/W3240E08.htm

Garner, S. J. (1986) "Perceived Risk and Information Sources in Services Purchasing," The Mid-Atlantic Journal of Business, (24), No. 2, pp. 49-58.

Gurau, C. (2007) *Marketing strategies: A contemporary approach*. 2nd edn. Prentice Hall.

Hipp, Mason - Small Fuel Marketing – 9 Popular Ways to determine your marketing budget www.smallfuel.com/blog/entry/popular-ways-to-determine-your-marketing-budget/

Hooley, G., Saunders, J., Piercy, N. and Nicoulaud, B. (2008) Marketing Strategy and Competitive Positioning. 4th edn. Prentice Hall.

Jacoby, J. and Kaplan, L. B. (1972) "The Components of Perceived Risk," in Proceedings, Third Annual Conference of Association for Consumer Research, In M. Venkatesan (eds.), College Park, MD: Association for Consumer Research, pp. 382-393.

Joachimsthaler, E. et al. (1999) Harvard Business Review on brand management. Harvard Business Review.

Jain, S. C. (2004) Marketing Planning and Strategy. 7th edn. Cengage Learning.

Kaplan, L. B., Szybillo, G. J., and Jacoby, J. (1974) "Components of Perceived Risk in Product Purchase: A Cross Validation," Journal of Applied Psychology (59), No. 3, pp. 287-291.

Keller, K. L. (2008) Strategic brand management: building, measuring, and managing brand equity. 3rd edn. Pearson.

Keller, K. L. (2008) Best practice cases in branding. 3rd edn. Pearson.

Kapferer, J-N. (2008) The new strategic brand management: creating and sustaining brand equity long term. 4th edn. Kogan Page.

Ko, H., Jung, J., Kim, J. Y., Shim, S. W. (2004) “Cross-Cultural Differences in Perceived Risk of Online Shopping,” Journal of Interactive Advertising (4) No 2 Spring, pp. 20-29

Kotler P., Keller K.L, Brady M., Goodman M., Hansen T. (2009) Marketing Management, pp.861

LG (2010) Information on LG retrieved from http://www.lg.com/global/about-lg/corporate-information/our-vision/vision.jsp

Marketing Institute of Singapore (2010). “MIS Vision & Mission“. Retrieved from http://www.mis.org.sg/
McDonald, M. (2007) Marketing Plans. 6th edn. Elsevier.

Panasonic (2010) Information on Panasonic retrieved from http://panasonic.net/vision/

Samsung (2010) Information on Samsung retrieved from http://www.samsung.com/sg/aboutsamsung/corporateprofile/visionmission.html

Strauss, R. (2008) Value creation. Cengage Learning.

Shimp, T. A. and Bearden, W. O. (1982) "Warranty and Other Extrinsic Cue Effects on Consumers' Risk Perceptions," Journal of Consumer Research (9), pp. 38-46.

Tan, D. (2009) “Success from the customers perspective”, The Singapore Marketer, January, pp. 4-5
Tan, D. (2010). “Brand success”, The Singapore Marketer, September, pp.

Temporal, P. (2006) Asia's star brands. Wiley.

Tybout, A. M. & Calkins, T. (2005) Kellogg on branding: the marketing faculty of the Kellogg School of Management. Wiley.

Walker Jr, O. C., Mullins, J. W., Boyd, Jr H. W. and Larreche, J-C (2006) Marketing Strategy: A Decision-Focused Approach. 5th edn. McGraw-Hill.

Wood, M. B. (2008) The Marketing Plan Handbook. 3rd edn. Prentice Hall