

Overview of

Marketing Management

and

Considerations in Market Analysis



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Introduction

If we paraphrase Michael Porter's statement about marketing, that, "...Marketing is so inherent to business success that it cannot be separated from a successful business operation's processes...", we realize that business success is directly tied to marketing management. The fundamental components necessary in operating a successful business operation are few:

1. Business Planning
2. Business Management
3. Financial Management
 - Specially Cash-Flow Management
4. Marketing Management
 - Which Includes Sales Management, Promotions and Advertising

However, when most organizations think about marketing, they focus primarily on the **implementation** aspects of marketing, namely, advertising and sales promotion rather than the strategies and plans that make advertising and sales programs successful.

As an example, I [Mirwais Qader] consulted for a small Telecom retailer in Stevens Point, WI who specialized in Lucent Technology products. I opened a closet in the company's main office and saw that it was full of fliers and brochures. They had spent over \$60,000 on preparing fliers and printing brochures, but had forgotten to think of the postage costs to send them out. They had also not thought of measurement techniques to determine whether the campaign would be successful or that pilot runs of the campaign may be more useful than a full-blown implementation effort that had not been tested. Therefore, the fliers and brochures sat in the closet for over 2 years until they had extra cash to send them out.

The first step in any marketing process is the planning that must be done to determine **what to do and how to do it** rather than experimenting using costly trial and error means to achieve 'sales' expectations.

Remember This!

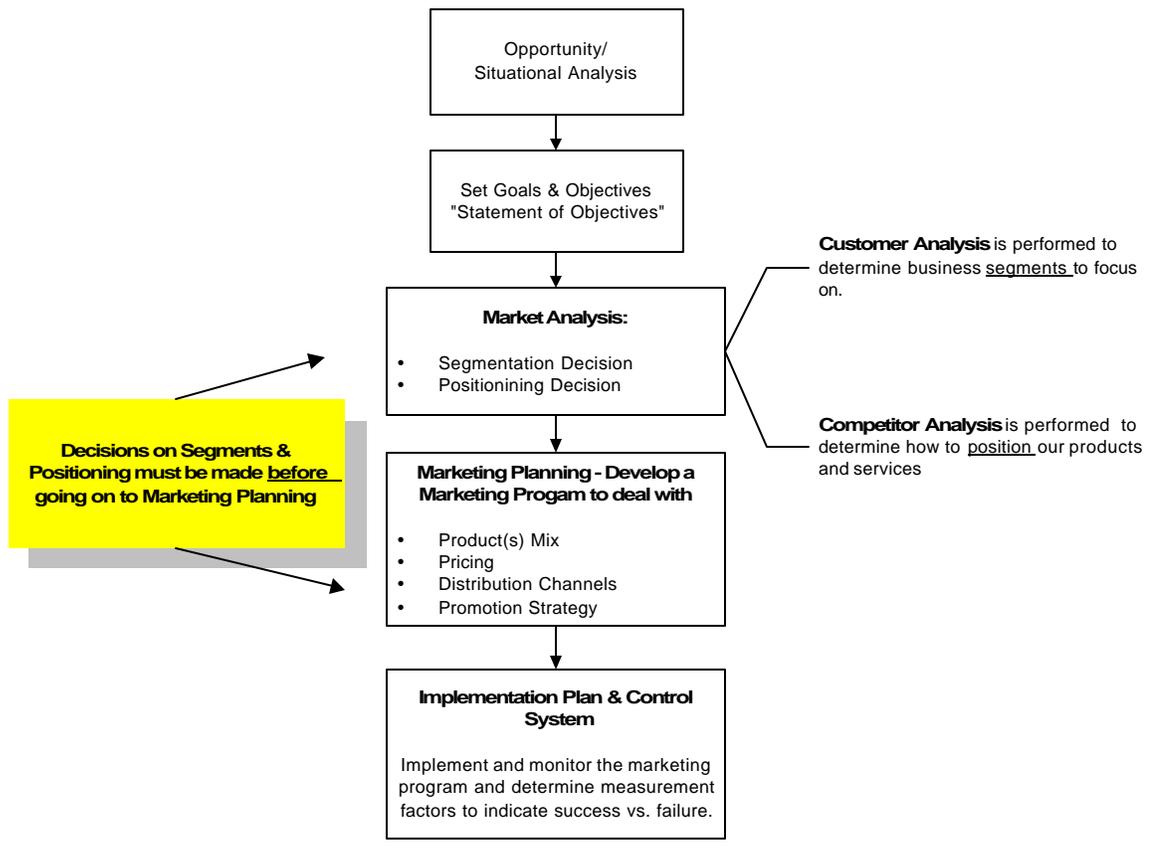
Customer Orientation/Analysis ® Focus on needs of particular segment(s) of buyers

Competitor Orientation/Analysis ® Focus on positioning relative to competitors

Market Planning

Marketing planning starts with the identification of an opportunity then moves on to setting realistic goals and expectations. Once the objectives have been completed, the Market Analysis phase begins to determine segmentation and positioning decisions about the market and our product or service. From the market analysis, we develop a marketing plan that includes implementation venues and in the final step of the marketing process we implement, measure and control the marketing effort to achieve our desired results. I.e., we shift direction or methods if we find that our program had not considered certain issues or unanticipated conditions evolved in the marketplace.

Marketing Planning Process



Situation Analysis

Situation analysis involves answering the following question:

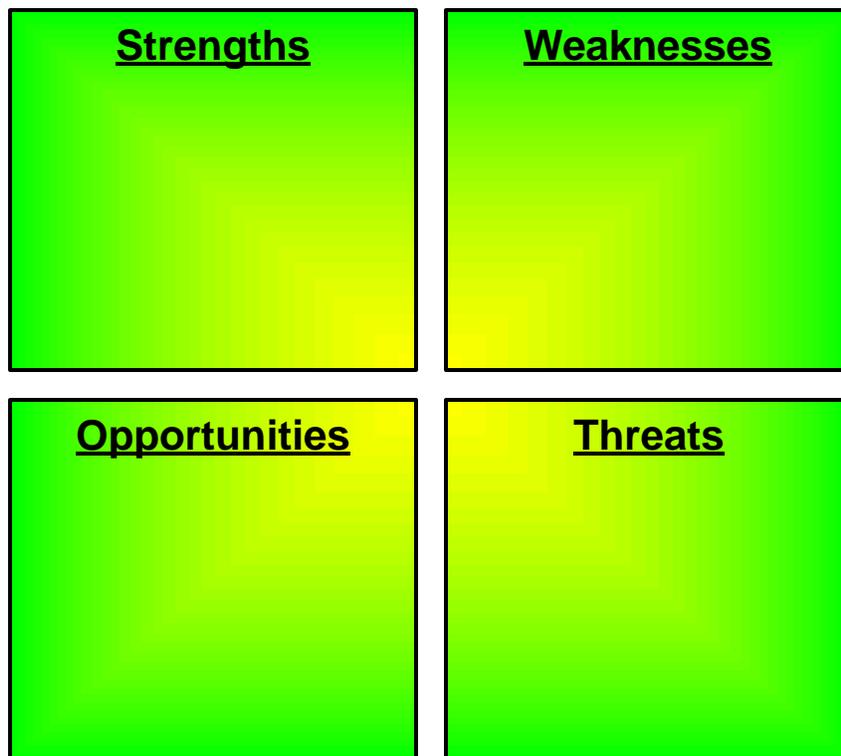
Where are we now?

This analysis can be performed by using a simple tool, SWOT Analysis, where we identify our

- Internal Strengths
- Internal Weaknesses
- External Opportunities and
- External Threats.

The information can be put into a chart and evaluated in comparison to other variable. We use the information to:

- Reduce or minimize weaknesses; eliminate menacing weaknesses
- Align strengths with resources and opportunities
- Build barriers against threats



Goals and Objectives Analysis

Goals and objectives analysis involves answering the following question:

Where do we want to go?

In setting the objectives, we need to differentiate between:

General Marketing Objectives

- Sales
- Market Share
- Customer Satisfaction

Specific Marketing Objectives

- Advertising Awareness
- Market Coverage

The objectives we set should **have 2 dimensions** considered:

1. They should be specific and measurable.
2. They should include a time dimension.

After the above has been done, we need to answer the question of:

How do we get there?

This question deals with the process of market analysis and market research outlined below:

Market Analysis¹

Industry² and Environment³ Description and Outlook

Industry Analysis

<Size of industry >

<Projections on size and demand over 5-10 years >

<Industry characteristics and trends: why they purchase your product/service? >

<Major customer groups: define who the direct and indirect customers will be i.e., those that buy your product/service and those that ultimately use it. >

- US based Private sector
- US based Public/Government sector
- Foreign companies/organizations

Environment Analysis

<What is happening in general in this business's niche market? >

Target Markets and Customers

Markets

< Critical needs of customer; being met or not? >

< Primary target market & size >

< Demographics >

< Geographic Locations >

< Purchasing decision makers and influencers/contact people >

< Pricing and profit margin attainable >

< How target market members can be reached/contacted → best methods (media) of contact >

< Purchasing cycles, seasonality of purchasing decisions (due to budget constraints etc...)

→ *Survey this through vendor contact (phone or mail)* >

< Secondary target markets and needs > < → If primary market goes into a recession, you need a secondary market to focus on. >

¹ Market analysis involves the study of Industry, Environment, Customers and Competitors.

² Industry analysis is more specific to the type of business that is being proposed and how these businesses function.

³ Environment analysis is more broad in terms of the direction that the product or service seems to be taking ex. shifts away from the Industry due to advances in technology etc...

Segmentation⁴ - Geographic Segmentation

< The key geographic regions that will be served by the business. What are the concentration of the buyers and why are they concentrated in those regions? >

Segmentation - Customer Segmentation

<Who are the customers that buy? >

<Why do customers buy? >

<How do the customers buy? >

<How do customers use it? >

<Value to deliver to customer >

< The key to segmenting the customer base is to identify the customers based on the **80:20 rule** i.e., what 20% of the customer base will generate 80% of sales? Once this is determined, marketing strategies can be developed to penetrate the 20% customer base. >

Segmentation - <Other>

Competitor Analysis

< Existing competition and market share estimates >

➤ **Direct competitors** i.e., people who sell what you sell

When performing competitor analysis, it is important to categorize the competitors into at least the following groups:

1. The **Head-to-Head Competitor**

2. The **Market Leader Competitor**

3. The **Odd-Ball** (one that may be doing things differently – they may be leading innovation)

➤ **Indirect competitors** i.e., substitutes to your product/service, entrants, odd-balls, suppliers

< Determine strengths of competitors >

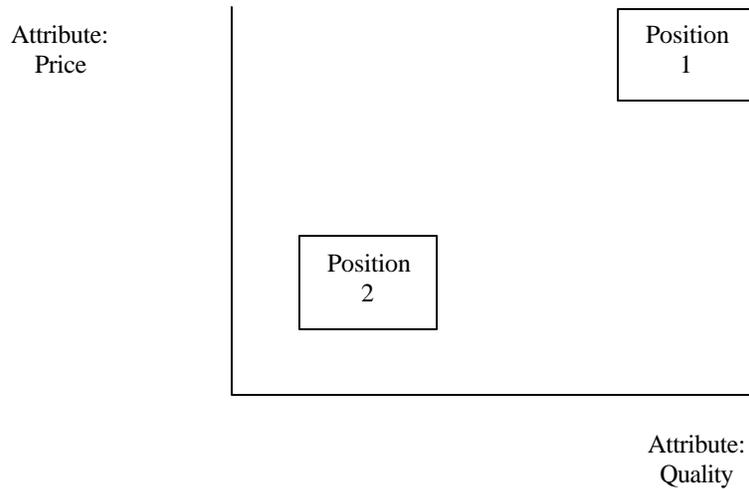
< Determine weaknesses of competitors >

< Determine distinct competencies and advantages they possess >

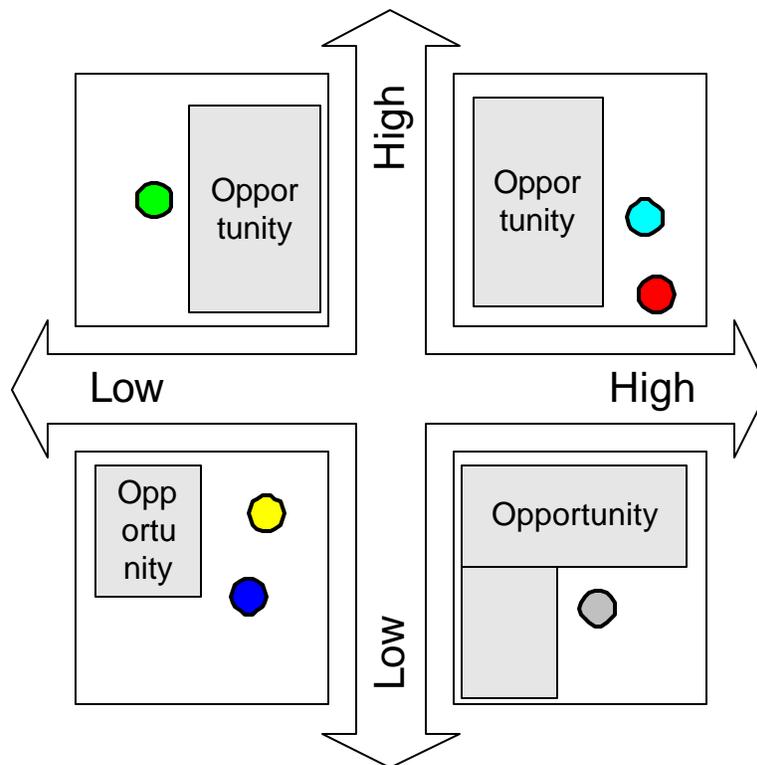
⁴ Segmenting is directly linked to customer orientation/analysis. [Segment the market → select target segment → analyze target segment = customer]

Positioning⁵ – Meaningful Segment Attributes

<What attributes are meaningful to the target segments chosen considering the competition i.e., safety, speed, etc... >



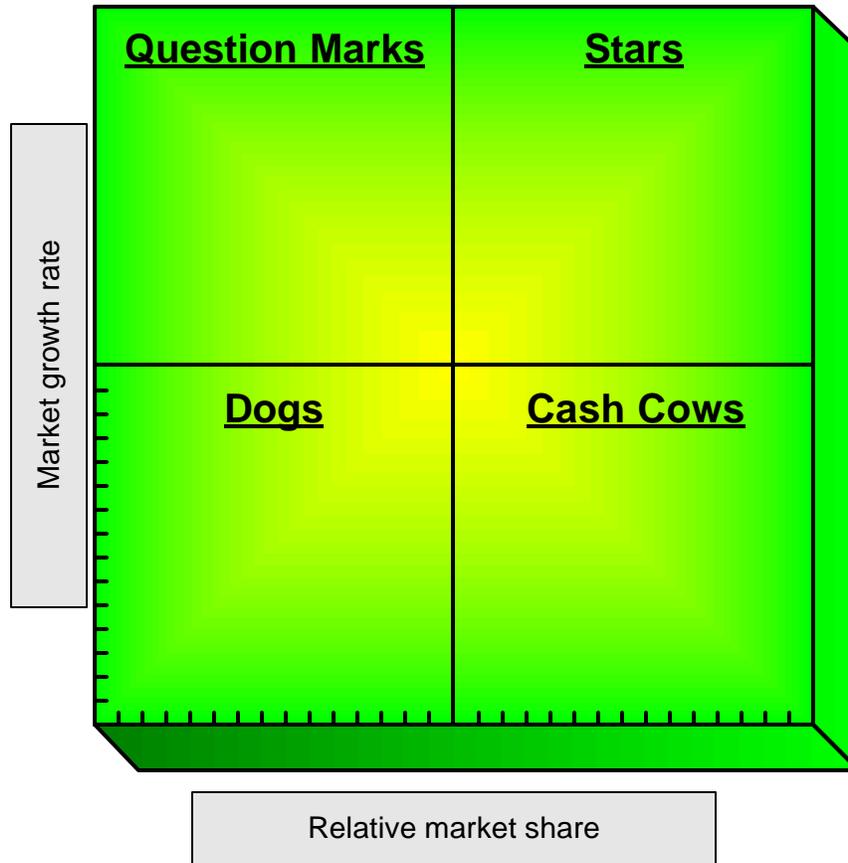
Use a 4-quadrant matrix that ties 2 variables like Price vs. Quality and show how you measure up to your competitors; from your own point of view, from your competitor's point of view (if you can get it) and from your customer's point of view. Look for opportunities that are open for the taking.



⁵ Positioning (competitive positioning) is directly linked to competitor orientation/analysis – matching meaningful attributes with target segments.

Positioning - Product Mix Strategy

The Boston Consulting Group's "Growth-Share" Matrix allows us to position products by classifying them into a set of criteria depending on market growth and market share.



Marketing, Sales and Advertising Programs

Overall Marketing and Sales Strategies

Marketing Planning and Strategy

- < How **products**/services will be marketed to buyers? >
- < What **prices** are going to be charged for the various segments? >
- < What **distribution** channels will be used to reach the customer and receive supplies? >
- < How will the company be **promoted** to grow? → Growth Strategy >

Marketing Costs

<Costs to perform market research ... other ...>

Sales Planning and Strategy

- < How will sales be achieved (direct, indirect, telemarketing, other) and increased over time? >
- < What will initially be required to get the business operational and start the process of sales? >

Sales Costs

<Costs to hire additional people; phone charges, equipment etc...>

Advertising

- < What are the **add-copies** that are needed to launch the marketing plan? >
- < What **branding** should be used? >
- < How will we know that our advertising campaign has been successful? >
 - Determine **measurement criteria** that is simple to use and interpret
 - Establish a **control system** to monitor the marketing/advertising process
- < What **pilot tests** of the ad campaign will be run to test its effectiveness? >
 - Select a **representative group** (not random) of customers in the segments that are being pursued to test the product/service.

Advertising Costs

<Estimations of duration and costs to implement the advertising ideas. >