Creating a Marketing Plan: An Overview

Excerpted from

Marketer’s Toolkit:
The 10 Strategies You Need to Succeed

Harvard Business School Press
Boston, Massachusetts
Key Topics Covered in This Chapter

- The purpose of a marketing plan
- Planning the elements of the marketing mix
- Controlling the plan
“Plan your work, and work your plan.”
That timeless piece of business philosophy can help you succeed in any number of workplace activities—including marketing. This chapter explains the marketing plan and its many elements.

From Strategy to Plan

A marketing plan lays out a campaign that aims to fulfill a company’s market strategy. At the business unit or product level, the plan aims to transform a product or service concept into a successful offering that meets the needs of target customers and fulfills the company’s expectations for sales, market share, and so forth. The plan states exactly what the company will do in launching new products and supporting older ones. It indicates the timing of sales and promotional activities, pricing intentions, and distribution efforts. How the plan will be controlled and the results measured are also part of the plan. Plans are contained in binders and are treated with confidentiality lest competitors use their details to deploy counterefforts.

Most plans include the following (for the company or for a product line):

• An executive summary.

• A table of contents.
• **A summary of the current situation.** This contains all relevant data, including SWOT analysis (analysis of strengths, weaknesses, opportunities, and competitive threats).

• **A focused assessment of the market opportunity.** This includes a statement of target market segments, a customer and needs assessment, and the competitive challenges faced by the company and its products (or particular product line).

• **Financial and marketing goals.** Financial goals are usually expressed as incremental revenue improvements, and expected profits at the end of the planning period. Marketing goals are expressed as unit sales or market share.

• **A summary of the company’s marketing strategy.** This summary identifies the target market and indicates how the product or product line will be positioned, distributed, and priced. It also enumerates the specific actions that will be taken to achieve the stated goals. Those actions may include reorganization of the sales force, the use of customer rebates, a national ad campaign, direct mail programs, and so forth.

• **A month-to-month marketing budget.**

• **Forecast month-to-month unit sales and revenues.**

• **A plan for monitoring and evaluating action plans in progress and at the end of the plan period.**

  Note that the appendix contains a helpful marketing plan template that you can use to develop a plan that fits your company’s unique requirements. Check it out.

### Implementing Your Plan via the Marketing Mix

The marketing plan begins with customer targeting, something we’ll deal with in detail later. After the target customer segments have been identified, the plan addresses them through the marketing mix.
mix. The marketing mix—also called the four P’s of marketing—includes product, place, price, and promotion (see figure 2-1). These represent the tools you will use to pursue your objectives in the target market.

(Note: Identifying the target market is an essential part of any marketing plan. So, too, is position. We discuss these important topics in chapter 4.)

**Product**

The *product* (or service) is the centerpiece of the marketing mix. Whether it’s a life insurance policy, a washing machine, or a broadband Internet service, the product is the company’s offer to customers. That offer includes physical aspects as well as the less tangible elements, such as warranties, option choices, and after-sales service. Thus, the product is the entire package you offer to customers.

**FIGURE 2-1**

*Applying the marketing mix to a target market*
You can differentiate products physically or through the services your company provides in support of the product. Products’ physical distinctions include the following:

- Form—size, shape, physical structure; for example, aspirin coating and dosage
- Features—for example, a word processing program’s new text-editing tool
- Performance quality—the level at which the product’s primary characteristics function
- Conformance quality—the degree to which all the units of the product perform equally
- Durability—the product’s expected operating life under natural or stressful conditions
- Reliability—the probability that the product won’t malfunction or fail
- Repairability—the ease with which the product can be fixed if it malfunctions
- Style—the product’s look and feel
- Design—the way all the foregoing qualities work together (it’s easy to use, looks nice, and lasts a long time)

You can also differentiate your product by service distinctions that set it apart. Service distinctions include the following:

- Ordering ease—how easy it is for customers to buy the product
- Delivery—how quickly and accurately the product is delivered
- Installation—how well the work is done to make the product usable in its intended location
- Customer training—whether your company offers to train customers in using the product
• Customer consulting—whether your company offers advice or research services to buyers

• Maintenance and repair—how well your company helps customers keep the product in good working order

The actual design of the product or service should be guided by a deep understanding of what customers need, want, and are willing to pay for, as determined by market understanding and research.

**Place**

*Place* refers to the point of sale and the distribution of the product or service. Place may be a retail store, a national distributor network, an e-commerce Web site, or a direct mail catalog. Offering the product where and when customers want it is one of the most critical aspects of any marketing plan.

Witness the success of Amazon.com and Dell. Amazon.com made books and other items handily available to customers 24/7, and in a place that many found convenient—an Internet Web site. At a time when the book-buying public had to make time-consuming trips to a bricks-and-mortar bookstore and browse through thousands of on-shelf products, Amazon.com offered a less time-consuming alternative and far greater product selection. True, Amazon.com customers missed out on the pleasures of traditional bookstore browsing and had only limited opportunities to thumb through prospective purchases. But Amazon.com’s “place” gave them something bookstores didn’t provide: customer reviews and ratings.

Dell’s is another story of “place” success. Its strategic decision to sell directly to customers gave it a leg up on competitors in the battle for personal computer sales. While rivals followed the traditional approach of distributing through retail stores and dealers, Dell skipped the middleman. Selling direct allowed Dell to do the following:

• Capture customer information that would otherwise be missed through other forms of distribution
• Practice made-to-order manufacturing, another differentiating factor in a product class where competing products are very similar

• Make its product available 24/7

Few companies use a single place for transacting business with customers. Many have *market channels* through which they meet customers; the more numerous and effective these channels are, the greater the opportunities to make sales. The publisher of this book, for example, will take advantage of several channels, as shown in figure 2-2. It will use a sales force to obtain shelf space in retail bookstores and will sell through Amazon.com. The sales force will also sell some copies to book wholesalers, which in turn will supply independent bookstores. Specialized employees of the publisher will pursue direct bulk sales with corporations and with book clubs. Meanwhile, a foreign rights specialist in the publisher’s marketing department will attempt to sell translation rights for the book to non-English-language publishers around the world. The publisher will also use its e-commerce Web site to sell directly to final customers, avoiding the middlemen and the discounts they extract.

**FIGURE 2-2**

*Many paths to the customer*

- Publisher
- Sales force
- E-commerce Web site
- Amazon.com
- Book chains
- Independent bookstores
- Wholesalers
- Foreign publishers, book clubs, and corporate sales
- Individual customers
There are many paths to customers. A market-driven company takes as many of them as it can reasonably handle without causing conflicts between channels.

What aspects of “place” does your company use in its marketing plans? Are these the most optimal for satisfying customers and producing the sales and profits you seek, or are you simply following an old, unexamined blueprint for putting your product or service in front of customers? Think about it. Place is often taken for granted, but it makes a huge impact on marketing performance.

**Price**

*Price* is what a buyer must give up in exchange for your product or service. Pricing in a competitive environment is both critical and challenging. If you set the price too low, you’ll increase unit sales at the expense of profits. If you set it too high, some of your customers will walk into the waiting arms of competitors. Price decisions include price point, list price, discounts, payment period, and so on.

In free and competitive markets, pricing is the linchpin of most transactions. When a customer who wants a product perceives that its value is worth the asking price, a transaction will take place, barring other choices. Thus, moving the price higher or lower regulates the quantity of units sold. This point has implications for the product life cycle. You can price much more aggressively when your product is perceived as new, unique, and without strong substitutes, but you must often reduce your price as substitutes and competitors appear in the maturity stage of the cycle.

Generally, your flexibility in pricing is a function of the uniqueness of your product or service (see figure 2-3). This is because customers have difficulty in assessing the value of more unique offerings, such as a custom-built guitar or a fully restored 1962 MG sports car. There are few if any comparables, making valuation difficult. The exact opposite is true among commodity products, such as heating oil and electrical wiring. In these cases, sellers have little flexibility. If they price their offering higher than the going rate, sales will plummet. If they drop the price, sales will temporarily increase but will
level off as competitors drop their prices—confounding the profitability of all sellers.

Some sellers successfully maintain a high price by surrounding their very ordinary products with an aura of uniqueness, quality, or exoticism. This approach is commonplace in, for example, the cosmetics industry.

Wherever you price your product or service, that price is an important element of the marketing mix and will have an impact on your results. You can price for any of the following objectives: to increase unit sales, profits, or market share; to undermine a competitor; or to keep competitors from entering your turf. Successful companies design their new products with specific price targets in mind. (Note: For more details on pricing, refer to chapter 9).

**Promotion**

*Promotion*, the fourth element in the marketing mix, is the most difficult one to describe. It is all the communicative activities you use to ensure that customers know about your offerings, have a favorable
impression of them, and actually make a transaction. These activities include advertising, catalogs, contests, public relations, and personal selling. Within these categories we have TV, radio, and print ads, billboards, product placements in movies, sponsorship of public TV and radio channels, two-for-one dinner specials, customer loyalty programs, telemarketing, direct mail sales, and door-to-door solicitations. And on and on.

The many faces of promotion are too numerous to cover in a book of this size. Suffice it to say that, along with market research, promotion provides the critical communication link between your company and the customers you aim to serve.

**Controlling Plan Implementation**

Even when you’re prepared with a cohesive plan, adequate resources, and all the right skills, you are bound to encounter surprises during implementation of your marketing plan. That’s because business, like life, rarely plays out according to plan. Here are a few examples of the many surprises your firm may experience:

- Customer demand is lower than what your market research led you to believe.
- Consumers use your product in ways you never intended.
- A previously invisible competitor blindsides you with a dazzling new offering.
- The cost of an ad campaign is higher than you estimated.

Constant monitoring and control of the firm’s marketing activities can help your company respond effectively to these kinds of unexpected events. Table 2-1 shows four types of marketing controls and explains who’s responsible, why you might select a particular form of control, and how you might implement these control measures. Note that many items in the “How to control” column are quantitative metrics: expense-to-sales ratio, product territory profitability, and so forth. Metrics are like the gauges on an aircraft con-
depending on your role, you may find yourself responsible for one or more of these activities. or others in your company may need your help in gathering the required information to conduct these assessments. whichever part of the control process you’re involved in, you can feel proud about contributing to a key stage in your firm’s marketing campaign.

**Summing Up**

- A marketing plan states exactly what the company will do in launching new products and supporting older ones. It indicates the timing of its sales and promotional activities, pricing

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**Table 2-1: Controlling your marketing plan**

<table>
<thead>
<tr>
<th>Type of control</th>
<th>Who is responsible?</th>
<th>Why this control type?</th>
<th>How to control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual plan</td>
<td>Top and middle managers</td>
<td>To assess whether planned results have been achieved</td>
<td>Analyze sales, market share, marketing expense-to-sales ratio</td>
</tr>
<tr>
<td>Profitability</td>
<td>Marketing controllers</td>
<td>To see where the company is making and losing money</td>
<td>Measure profitability by product, territory, customer, segment, channel, order size; measure ROI</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Line and staff managers; marketing controllers</td>
<td>To improve the spending and impact of marketing dollars</td>
<td>Measure efficiency of sales force, advertisements, sales promotions, distribution</td>
</tr>
<tr>
<td>Strategy</td>
<td>Top managers, marketing auditors</td>
<td>To ask whether the company is pursuing the best market, product, and channel opportunities</td>
<td>Review marketing effectiveness and company’s social and ethical responsibilities</td>
</tr>
</tbody>
</table>

*Source: Harvard ManageMentor® on Marketing Essentials, adapted with permission.*
intentions, and distribution efforts. How the plan will be con-
trolled and the results measured are also part of the plan.

• A marketing plan is based on customer targeting and the ele-
ments of the marketing mix: product (or service), place, price,
and promotion (the four P’s).

• Product is the company’s offer to customers. It includes the
physical aspects of the offer as well as intangible elements, such
as warranties.

• Place refers to the point of sale and the distribution of the
product or service. Place may be a retail store, a national dis-
tributor network, an e-commerce Web site, a direct mail cata-
log, or something else.

• Price is what a buyer must give up in exchange for the seller’s
product. In free and competitive markets it is a regulator of
customer demand. Generally, sellers have greater flexibility in
pricing when their offer is unique; they have less flexibility as
their offers become commodity-like.

• Promotion describes the many communicative activities used to
ensure that customers know about the company’s offerings, have
a favorable impression of them, and actually make a transaction.
Notes

Chapter 2

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The New Manager’s Guide and Mentor

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