Leveraging Your Marketing Plan

The Seven Essential Fundamentals

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Every business has its own model that includes competitors, issues, proposed solution sets, suppliers, expenses, budgets and personnel. A tight disciplined marketing plan should have the basic components that allow you to systematically address these key strategic levers as you build each campaign. This paper outlines the key elements that every marketing plan must include and how to use them.

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Introduction

Every business has its own unique state of affairs. A landscape that is composed of competitors, internal and external challenges, proposed solution sets, suppliers, expenses, budgets, personnel and vision makes each company's situation distinctive.

When constructing a marketing plan for a specific campaign, all of the above dynamics need to be integrated and transformed into an actionable blueprint. This plan should demonstrate to all the major plan participants how you intend to effectively combine the company positioning, packaging and all the other brand-related elements with an offer and messaging targeted to a specific audience. A tight, disciplined marketing plan should be designed to leverage all the key components that you need to control and ultimately evaluate their performance. This paper outlines the seven key elements that every marketing plan must include and how to effectively manage them.

#1 Mission Statement & Strategy Overview

This provides a framework that ties the entire marketing plan together. It is comprised of several components:

Mission Statement – This is overall goal of the marketing plan. It is topline and strategic in nature. It is usually framed in terms such as increasing share of the market or wallet of the customer.

Objectives – Objectives are the stated measurable goals that, taken as a whole, mean the mission statement has been accomplished. They are usually framed in terms of number of leads/customers acquired or in revenue attained.

Strategies – There should be individual strategies tied to each objective, stating explicitly how each of the objectives will be accomplished.

#2 Market Target Identification

No company ever optimizes its profit by investing in each customer/prospect/lead segment equally. It optimizes its bottom line by investing more of its advertising dollar on the better customer segments and the more promising prospecting and lead groups. The ability to identify and segment these groups into meaningful target groups for marketing and communication purposes is critical.

In a B2C environment, it is the application of the 20%/80% rule. Approximately 80% of your profit will come from 20% of your customer base. It is critical, therefore, to identify these customers and to understand their lifecycle. What are they buying? What is their Lifetime Value (LTV)? Where did they migrate from? Once you begin to understand these questions, you can begin to market to these customers much more efficiently and improve their LTV even further. You can also determine who are more likely to convert into valuable customers and work to improve those acquisition and conversion rates.

In a B2B environment, the ratio is more likely to be 10%/90%. In addition, there is also the leads gen programs where it becomes critical to determine who is an 'A' lead versus 'B', 'C', or 'D' lead. In these cases, a company will want its sales force to invest most of its resources in converting the 'A' and 'B' leads into customers.

#3 Product Positioning

Inherent in product positioning is understanding the following fundamentals:

- For B2B: Tailored messaging the benefits of the product to different parts of the organization is essential. The CEO will be interested in how your product will give his/her company a bigger share of the landscape. The VP of Marketing will be interested in how sales and transactions will be increased. The head of IT will want to know how seamless your product will be to install and maintain.
- For B2C: Product lifecycle and seasonality are two major dynamics that need to be addressed in every plan.

- Seasonality: For the upcoming season, what product lines will dominate. Depending on the company, different regions may need to be taken into account.
- Lifecycle: Every product has a lifespan and it is important to know if you are in the beginning/middle/end phase for that product. A Product Category should be a healthy mix of products in all phases, where new products are always being tested to uncover the new trends in your customer base and older lines are being transitioned into retirement.

#4 Competitive Analyses

The goal of any competitive analysis is be able to objectively determine (at some level) how your marketing campaign/your offer will compare to your closest competitor. At the most fundamental level, this breaks down into the following 3 factors:

- What is your unique competitive differentiator/branding that will make someone buy from you versus someone else?
- How compelling is your messaging?
- How strong is your offer?

When evaluating your competitors, some of the factors for you to consider should include:

- their message to customers on what they do best.
- comparative product quality.
- Image.
- marketing strategy.
- target markets.
- promotional materials and messaging they use.

Reading their own marketing materials and reviewing their websites are two good ways to evaluate their messaging and branding. A deeper analysis in regards to reviewing trade publications may be warranted for longer term strategies. You can typically find more information on competitors that are publicly traded. But that would be for a more long term goal such as revisiting your brand strategy or re-evaluating your business model.

For a marketing plan, the short term goal is to create a tight, highly effective campaign that will stand out among the competition. And for that, all you really need is to see what is currently in play with messaging, creative and offer in order to determine how to break away from the pack.

#5 Sales Forecast & Tracking

Sales forecasting is a pro-forma tool to manage all of the metrics associated with the marketing campaign in one document. It provides an excellent overall view of strategies, sales assumptions, and their consequences. Forecasting can be done from top down (total sales to SKU level) or bottom up (SKU level to Total Sales). The top down plan is used as a marketing tool. The bottom up plan is used as an inventory tool (typically in a consumer setting). The best approach is usually to create a bridge between the two.

A marketing sales forecast should be broken down into major strategic targets or customer segments where both promotion history and sales activity is expected to be similar. In this manner, you can build a tighter plan, track current sales more efficiently, and project (based on actuals) more accurately.

This is a dynamic tool which allows for plan updates and new projections based upon current results. A typical forecast is made up of the following forecasted sales activity by target (or segment):

- Quantity (being contacted)
- # of Orders
- Total Order Dollars
- Response Rate (Orders/Quantity)
- Average Order Size ($/Orders)
- Dollars per Thousand Sent ($/M)

The figures for a sales forecast are based on a set of assumptions that are derived from a combination of the following factors:

- Previous campaigns that are similar to the one being forecast.
- New trends in the industry that need to be taken into account.

- Improvements/adjustments to your business including merchandising, creative, offer, targeting and pricing.
- Seasonality.
- The overall economy and whatever outside factors that you consider to be relevant.

The total dollars forecast for a campaign are then fed into Return On Investment (ROI) calculations, in order to determine if the campaign is expected to lose money or make a profit. Part of the ROI calculations, in part, will be based on what the budget is for this particular campaign.

#6 Budget

The budget for a marketing campaign is typically broken down into two major areas: the fixed costs and variable costs.

Fixed costs are usually one-time costs such as copy-writing or photography where you only pay a flat fee for all usage. Variable costs are quantity based charges such as shipping and handling, postage, printing, fulfillment…anything that can change based on the quantity being shipped, mailed or fulfilled.

Fixed costs within the budget for the marketing plan should remain fairly stable. The variable costs are subject to change as the overall quantities change as well as the response rates and average order size changes. As you can see, there should be a certain amount of interactivity between a Marketing Forecast and a Marketing Budget if everything is working as it should.

#7 Controlled Testing and Analysis

Analytics is the key to improved results in the digital age. Constant testing of messaging, merchandise, offer, presentation, creative, targeting, pricing, to identify the optimum mix for all of these elements is the blueprint for success. In any single marketing campaign, 30% of the budget should be dedicated to new testing and 70% of the budget should be spent on proven strategies and targets. This mix ensures maximizing your ROI while uncovering new opportunities and keeping your offer fresh.

It is important to have a team in place that can plan and design the tests properly up front in order to read results on the back end. Once the results have been analyzed, the winning strategies can be identified and integrated into the

planning cycle. Old controls can either be alternated (when new tests perform equally well) or phased out (when new tests perform at a higher level).

Summary

A marketing plan has several different purposes:

- It makes sure all primary participants understand their role in the campaign.
- It ensures everyone agrees as to the objectives and how they are to be achieved.
- It lays out exactly how each major strategic element is to be leveraged.

In addition to the 7 strategies listed, there should also be a timeline with major milestones and responsibilities assigned. This is how all participants understand what their role is in the campaign. This is more of a tactic than a strategy, but it is a crucial element nonetheless and bears mentioning.

If you follow these basic guidelines, you will have the foundation for a powerful marketing plan.