

Where do we want to go? The setting of goals and objectives

Key concepts

The main concepts covered in the chapter are:

- The setting of goals and objectives
- Mission statement
- Generating and evaluating strategic options
- Ansoff's matrix
- The concept of the 'business mix'
- Corporate and product positioning.

Introduction

This stage in the marketing planning process tends to consist of three main elements as follows:

1. setting goals and objectives that will guide the organisation's marketing over a particular period of time, based on the outcome of the current situation analysis and a consideration of the organisation's resources, history and culture;

2. the development of an appropriate mission statement that reflects the goals and objectives;
3. the establishment of a framework, within which possible strategic options will be evaluated.

This stage in the process is not about technique, rather it is about judgement, and a clear sense of direction on the part of those making these judgements.

In this chapter we will consider the ways in which tourism, leisure and hospitality organisations may go about setting goals and objectives, and developing mission statements.

However, to begin with, the authors need to define what they mean by goals and objectives. The difference between them is a blurred one, but in this context, goals are defined as broad aims while objectives are the more specific aims, which contribute towards the achievement of the goals.

In the previous chapter we looked at how an organisation can assess where it is at one particular time. The organisation will now know what its strengths and weaknesses are, and what the opportunities are for the future. It will have a clear view of its financial position and what it can afford to do next.

The next question in the marketing planning process is to set marketing strategies for the future. Where the organisation will want to go depends on the corporate strategy of the organisation and where the various stakeholders would like to see the organisation going in the future.

‘Would you please tell me which way I ought to go from here?’ said Alice to the Cheshire Cat. ‘That depends a good deal on where you want to go’ said the Cat.
Lewis Carroll

One of the skills in marketing is deciding where you want the organisation to go.

In the marketing planning model (McDonald’s) shown in the previous chapter, this stage in the process involves both Step 5 – Setting marketing objectives and strategies and Step 6 – Estimate expected results.

An *objective* is what you want to achieve. A *strategy* is how you plan to achieve your objectives. Marketing objectives are about *products* and *markets*.

Strategic options

Organisations can take a number of stances in relation to a particular market. The *market leader* is the organisation which has the largest part of the market. The market leader will set the trends in the marketplace.

The *market challengers* are not market leaders themselves, but will attack the market leader at all times. These organisations are usually number two, three or four in the market.

The *market followers* are low share competitors who copy the main innovation in the market.

Markets also usually have *market nichers*. These are companies which focus on a very small part of the market and offer speciality products. Speciality holiday companies and restaurants are examples of market nichers.

Michael Porter has described three generic strategies which he maintained could help organisations to achieve competitive advantage.

These three routes to competitive advantage were summarised by Porter (1980) as being: cost leadership, differentiation and focus.

The *cost leadership* approach involves the organisation in achieving a low cost structure which allows high returns even when the competition is tough.

Differentiation, the second generic strategy, involves an organisation developing product or service which is clearly superior in the customer's eyes, to its rivals.

Products and services which are developed by organisations which pursue a differentiation strategy are often superior in image or design which is usually reflected in their higher price.

Branding of products and services is often a method which is pursued by an organisation which operates a differentiation strategy.

Focus is the third generic strategy outlined by Porter. This is where an organisation concentrates on one particular segment of the market. Products and services are usually specialised and attract a specific customer group. Porter warns that organisations should not get 'stuck in the middle'; in other words, they should decide very firmly to pursue one of the three generic strategies. There has been some debate about this theory since it was published, because it has been suggested that it may be possible for organisations to offer a brand portfolio that incorporates more than one route to competitive advantage under the same company umbrella.

Mission statement

Once the organisation has decided on the broad strategic direction in which to go, it is usual to write a *mission statement*.

The style and content of the mission statement of an organisation will differ. Consider the examples of mission statements or business visions of organisations from the leisure industry as shown in Figure 11.1.

1. Whitbread

Our business is focused on growth sectors of the UK leisure market – lodging, eating out and active leisure.

By focusing management effort and future investment we can achieve higher earnings growth and improved return on investment.

2. Rocco Forte Hotels

As Europe's premier luxury hotel operator, Rocco Forte Hotels has established an unrivalled reputation for the elegant style and individuality of its properties. With hotels in key locations from Edinburgh to Rome and St Petersburg to Brussels, Rocco Forte Hotels is focused on delivering the highest standards of service in stylish accommodation, sophisticated restaurants and rejuvenating spas.

3. Esporta Clubs

Two key principles of Esporta are to offer superior facilities and a level of service that is second to none.

With over 207,000 members, the company is now established as one of the country's fastest growing and most successful health club chains.

The luxurious clubs and high quality facilities, place us firmly at the premium end of the market.

Esporta's biggest asset is our positive, friendly and enthusiastic team. Always on hand to offer support and advice, members are made to feel at ease from the moment they enter the club.

Figure 11.1 Mission statements or business visions of organisations in the leisure industries
(Source: Company Reports)

The mission statements or business visions try to focus on the strategic direction in which the organisation wishes to go. This vision should then be reflected in the marketing strategies and marketing objectives.

Corporate objectives

The mission statement defines the organisation and the boundaries of the business. Corporate objectives must now be set for the organisation as a whole. These may concentrate on one or more of the following items:

- Return on investment
- Profitability
- Image with the stock market, public, customers and employers
- Social responsibility
- Environmental policy.

Corporate objectives will set the framework for the *marketing objectives* for each *strategic business unit* to be set.

Marketing objectives

Once the corporate objectives have been set and the marketing audit completed, the organisation can then move to setting the marketing objectives. The setting of marketing objectives is one of the key activities in marketing because it seeks to match the organisation's resources with the external environment.

The marketing model which has been used extensively in the marketing literature to describe the various options open to an organisation when it is setting its marketing objectives is the product–market matrix developed by Ansoff, which is illustrated in Figure 11.2.

		PRODUCT	
		Present	New
MARKET	Present	Market penetration	Product development
	New	Market development	Diversification

Figure 11.2 Ansoff's product–market matrix (*Source: Ansoff, 1988*)

Market penetration

Market penetration involves an organisation trying to sell more of its products and services in an existing market.

Burger King, the fast-food chain, was founded with one restaurant in Miami in 1954. The chain has grown to 11,450 restaurants in 58 countries as a result of an aggressive franchising policy.

Market development

Market development involves an organisation trying to sell its current products in new markets. Organisations often do this by selling their products and services in new geographic areas. The introduction by the French hotel chain Accor of its brands such as Novotel into the UK is an example of market development. The group has developed an international market by the use of their portfolio of brands in the hotels and service-related areas.

Product development

Product development is a strategy of developing new products for the existing market. The move of the Victoria and Albert Museum into the corporate hospitality market with specially designed services is an example of imaginative product development.

It is very important for holiday centres and visitor attractions to always have significant product development plans so that facilities are upgraded and new attractions are added. Center Parcs has carried out extensive product development and refurbishment programmes in their holiday complexes. The introduction of their new Spa and Aqua Sauna complexes at the Center Parc complexes in the UK has provided a distinct competitive advantage.

Whitbread, the UK-based brewing and leisure group, have also carried out substantial product development programmes in a number of their businesses. They have developed their restaurant business to include a portfolio of brands which include Beefeater, Brewers' Fayre, Brewsters, Costa, TGI Friday's and Pizza Hut.

Diversification

Diversification is when an organisation sells new products and services in new markets. Diversification is particularly important if the organisation wants to spread their risk across a number of markets and sees the opportunity of purchasing a brand or company.

Marketing objectives also have to be linked to the corporate objectives of the organisation. Some examples of marketing objectives of an organisation are shown below:

- Increasing market share
- Entering a new market
- Achieving number one market position
- Improving image.

The marketing objectives which will be set will of course result from the marketing audit which has already been completed.

The life cycle and portfolio analysis will allow the organisation to come to some logical decisions. For example:

- It is important to maintain the position of a 'cash cow' product or a product in maturity.
- It is important to improve the sales of a 'star' product or a product in the growth phase.

- It is important to decide what to do with a 'dog' product or a product in decline. The organisation may decide to keep the product and 'harvest' the last remaining benefits or it may decide to exit from the market.
- It is important to decide when to enter a new business with products and services. The development of new products and services will involve a market research programme so that expected results can be estimated.

The marketing objectives will also specify what the organisation wants to achieve in terms of market shares and volumes.

The business mix

Organisations in the leisure industries have a particular set of issues which must be considered when they are setting their objectives. Their demand is often highly seasonal and uneven in character which means they must try and balance demand at different times by attracting different market segments and altering their market mix.

To illustrate this point, we can consider the case of a visitor attraction and hotel. Both of these organisations have peaks and troughs in demand. It is important for each type of organisation that the business mix maximises profitability. This will mean that particular market segments are targeted in the quieter periods. It is important that during periods of high demand, the maximum revenue possible is collected. The organisation must not rely heavily on one market segment. For example, if a visitor attraction tries to fill quiet periods by targeting educational groups only, problems may occur when educational budgets are cut. The development of the most appropriate and balanced business mix is an important part of the marketing planning process. Table 11.1 illustrates issues in relation to the business mix of attractions and hotels.

Organisation	Nature of demand	Marketing strategies to overcome the problem
Attraction	Very seasonal Peak times at weekends and holidays	Offer different products at quiet periods to attract other market segments – educational trips/corporate hospitality Alter marketing mix accordingly
Hotel	Seasonal peak times Business clientele on weekdays	Offer different products – business – leisure – weekend – health – special events Alter marketing mix accordingly

Table 11.1 Getting the right business mix

Marketing strategies

Marketing strategies set the direction for the organisation. Marketing strategies define how the organisation is going to get there. Strategy is the overall route to be followed to achieve the specific objectives. The strategy will describe the following things:

- the means to achieve the objectives;
- the time programme;
- the resources required to achieve the objectives.

The differences between the strategy and the detailed implementation plan are clear. Marketing strategy reflects the broad marketing aim of the organisation. The plan which comes from the strategy will detail specifications and timing and will identify key responsibilities for people in the organisation.

Marketing strategies are therefore designed to meet the requirements of the marketing objectives. They give a broad direction. Table 11.2 demonstrates the move from marketing objectives to the marketing strategies.

Marketing objectives	Marketing strategies
Increase market share	Range extension and/or price competition and/or high advertising spend
Enter new markets	Develop new products and/or acquire a product, brand or company
Achieve number one market position	Exclusive distribution and/or high quality promotion and/or high price
Improve image	High profile public relations campaign and/or major relaunches of product range

Table 11.2 Marketing objectives and marketing strategies

Corporate and product positioning

The concept of product positioning was introduced in Chapter 6. It is important that the organisation also positions itself in a favourable light. This can be referred to as corporate positioning. When an organisation is seeking to spread its marketing activity across national boundaries, it is particularly important to have an excellent corporate positioning strategy.

One of the best examples in leisure markets has been the conversion of the British Airways company into a serious global airline. This included the 'putting people first' campaign which tried to change the staff's perception of the company and the long-term ongoing public relations campaign. Recent downturns in demand for airline seats as a result of terrorist attacks have put this strategy into question. The company has decided to offer lower prices in the short-haul market to address this issue.

There is also a link between corporate positioning and brand positioning. The French hotel chain Accor, for example, have tried to position their product range on an international basis, using a number of well-developed brands – Novotel, Sofitel, Thalassa, etc.

Beefeater, the Whitbread-owned dining chain successfully repositioned itself in 1993/94. It achieved this by designing the interior to appeal to a broad range of ages and tastes. This redesign gave the pub restaurant a pleasant, informal and contemporary ambience.

The repositioning strategy in combination with new menus helped Beefeater broaden its customer base and increase the number of visits from existing users. Whitbread has continued to reposition all their brands in a positive way, strongly linked to their market segmentation strategy.

Summary

The organisation has now set the overall marketing objectives and decided on an appropriate strategy to meet these objectives.

We considered the tour operator in Chapter 10 and looked at the process which the organisation would go through to gather together the information contained in the marketing audit. We can now look at the next stage (see Figure 11.3).

<i>The result of the audit</i>	
Strengths	Major national tour operation Major leading brands Number of cash generating products Cash rich Owns airline and retail outlet
Weaknesses	No international strategy Some poorly performing products
Opportunities	Wider European marketing opportunities New market 'niches'
Threats	European legislation International competitors

Figure 11.3 The tour operator – setting marketing objectives and strategies

Competitive position

Organisation is in number one market position but the market is very competitive with some other strong players. There are signs that European companies are planning market entry.

Customers

Customers in the UK are not brand loyal and they look for sales promotions and discounted products.

Market

The market is strong and profitable while there is a trend by operators towards vertical integration through the ownership of airlines, retail travel agents and hotels. There are also signs that the market is fragmenting into smaller 'niches', e.g. holidays on cruise ships, 'green' holidays and 'weddings in tropical places'.

Portfolio analysis

This would give the organisation some clues as to what to plan for each of the products within their range.

The organisation could carry out a portfolio analysis based on the BCG Matrix discussed in Chapter 10. The results of this analysis could be as follows:

Cash cows	Summer sun Holidays for the elderly
Stars	Winter sun Young people's holidays
Question marks	Winter sports Long haul
Dogs	Coaching holidays

An outline of the development of the marketing objectives and strategies resulting from the marketing audit is shown in Figure 11.4. The overall objectives and the strategies for the organisation are identified first of all. After this, the planning process can cascade down to each of the SBUs in turn. The example given here is for the Summer sun product, which has a strong market position. The organisation would carry out a similar activity for every SBU in the organisation. The result of this planning exercise would be a logical marketing strategy for each area of operation.

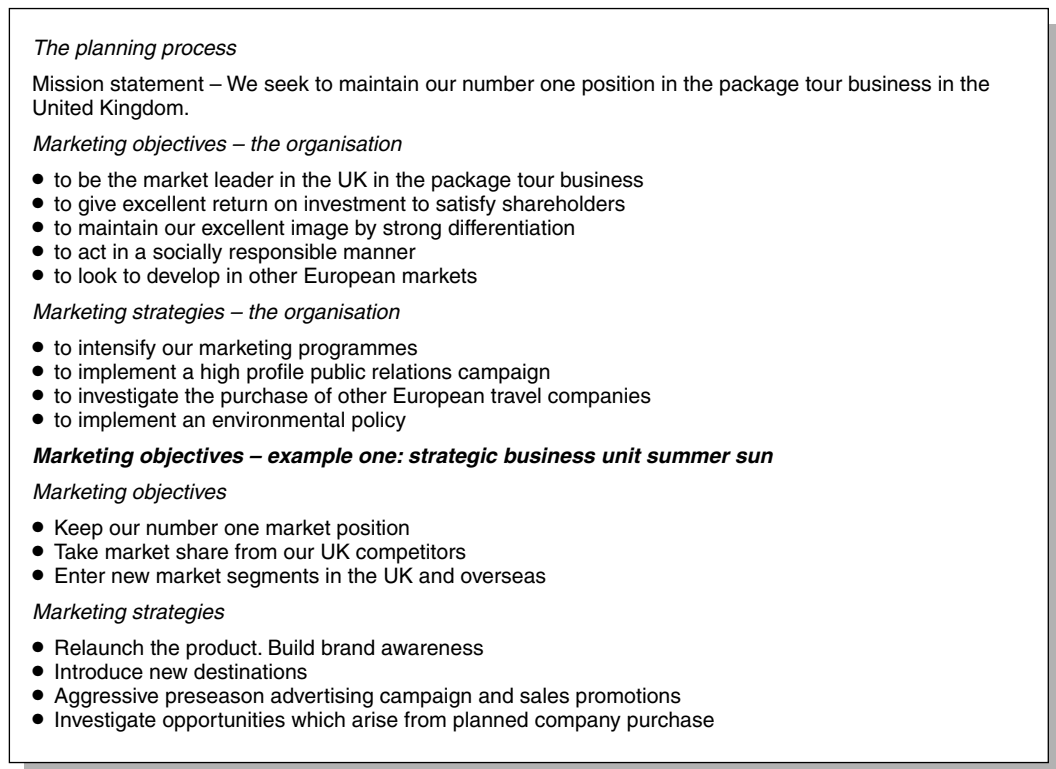


Figure 11.4 The tour operator – setting market objectives and strategies

Conclusion

At the end of this stage of the marketing planning process, the organisation should have a clear view of what the objectives and strategies will be for the next period. The next stage will be to set detailed implementation plans so that the objectives will be met within the broad strategies which have been set.

Discussion points and essay questions

1. Briefly discuss the role of 'mission statements' and suggest a hypothetical mission statement for an organisation of your choice, explaining the reasoning behind the statement you have devised.
2. Critically evaluate the concept of 'business mix' and outline how you would go about developing an appropriate business mix for a hotel, *or* a visitor attraction, *or* an airline *or* a leisure centre.
3. Discuss the factors you might take into account when selecting a strategy from a range of options.

Exercise

For a leisure organisation of your choice, you should:

- (i) carry out a brief SWOT analysis;
- (ii) develop a set of marketing objectives and marketing strategies, for both the organisation as a whole and one of its SBUs, based on the model found in Figure 11.3.

You should present your ideas in the form of a written report together with a verbal presentation.