

How will we get there? Developing the strategy

Key concepts

The main concepts covered in this chapter are:

- Long-term strategies and short-term tactical plans
- Sales forecasting
- Marketing plans.

Introduction

This stage in the marketing planning process is about turning goals, objectives and mission statements into clearly expressed policies and programmes of action.

The final strategy will have two elements usually, namely:

1. A strategy covering the whole planning period, which will normally be measured in a number of years.
2. Tactical plans that detail the action which will be undertaken to ensure that the strategy is implemented. These are often produced annually so that there will be a number of them during the life of a single strategy. These plans are based on manipulating the four 'Ps' of the marketing mix, to implement the strategy. This difference is what distinguishes a marketing strategy from a marketing plan.

In this chapter we will look at the process of generating marketing strategies and plans within leisure organisations.

We will begin by looking at how strategy options are evaluated and the final one is selected. This will be followed by a detailed examination of the content of marketing plans and

the issues which affect this content. Consideration will be given to the organisation of marketing activities at this stage too.

The organisation has now progressed through the marketing planning to the stage where the broad marketing objectives and strategies have been set. The next stage of the process is to estimate the expected results for each strategic business in the organisation and to plan the marketing mix which will achieve these objectives.

Setting the budget

The marketing budget must be estimated. This will be determined once the marketing objectives have been set. The budget will represent an estimate of the costs required for each planned activity on the different elements of the marketing mix usually for the next year. This will be worked out by the relevant marketing manager. The budget will determine the type of activity that can be planned. If the resource is inadequate then the plans will have to be amended. The setting of the budget and the agreement by the organisation to the proposal will be dependant on the *sales forecast* which the marketing manager will also be required to produce.

The marketing budget is very often linked to the past sales and profitability of the individual product line.

Sales forecasting

A sales forecast is the amount of a product that the company actually expects to sell during a specific period with a specified level of marketing activity. The sales forecast will be an essential piece of information which will be required so that the organisation can set their marketing budget.

Sales forecasts help the organisation to measure marketing attractiveness, monitor performances and plan production levels.

There are various techniques which can be used by a marketer to produce sales forecasts. The methods which are used depend very much on the company history and culture, the levels of risk involved and the resources available. When the organisation is taking a major financial risk, such as entering a new geographic market, the level of detail of the sales forecast should try to minimise the risks involved.

Marketers tend to use a series of methods to develop sales forecasts. These methods include:

- *Executive judgement* – This is where the past experience and intuition of the key executives in the organisation is used to develop the sales forecast.
- *Surveys* – This is where the organisation carries out surveys with customers, sales personnel or experts, to determine future trends. The *Delphi technique* is a very popular method of survey which is often used by organisations when they are preparing sales forecasts. This is where a series of experts are asked about their view of the market.
- *Time series analysis* – This technique is where a forecaster uses the historical sales data to discover patterns in the organisation's sales over time. Computer programmes can be used to help in this forecasting method. Time series analysis is very useful for organisations where the sales of the product or service is very stable. It is much less likely to be successful for organisations which sell products and services which have erratic patterns of demand.

- *Correlation methods* – This technique involves the use of historical sales data. The forecaster tries to find a correlation between past sales and one or more variables such as per capita income.
- *Market tests* – This technique involves the organisation testing out the acceptability of a product or service with customers or distributors. This method is used extensively during new product development when there may be little or no historical data to help with the setting of the sales forecast.

The sales forecast should give a clear estimate of the expected results for a period of time. This is usually for a financial year. The sales forecast should include:

- Predicted sales volume
- Predicted sales revenues
- Predicted profitability
- Predicted market shares.

The organisation will then be able to assess the suitability of the budget proposal and allocate resources effectively. This stage can involve the organisation going round this process on a number of occasions before the final decisions are made. This can be represented diagrammatically in Figure 12.1.

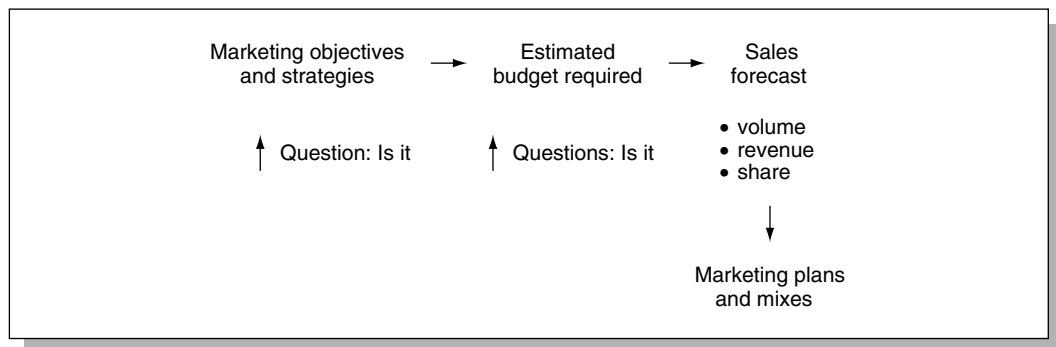


Figure 12.1 The coordination of marketing objectives, budgets and programmes

Identify alternative plans and mixes

Once the budgets and sales forecasts have been agreed, the organisation can then set the action programmes for the individual products and segments. This is usually presented in the form of a *tactical one-year marketing plan*.

The organisation may of course produce alternative plans and mixes which are assessed before a final decision is made.

Once the final decision is made, the tactical marketing plan will be written and circulated to key personnel in the organisation. It will include the major steps which are required in the implementation phase of the plan, and who will be responsible for implementing the steps, and how resources and time will be allocated.

An outline model for a one-year marketing plan is shown in Figure 12.2. An important part of this suggested plan is the inclusion of operational considerations.

The marketing plan will have to include tactical activities which will help the organisation to meet its marketing objectives. These could include items related to any part of the marketing mix, including:

Product	product development relaunch introduction of a new product
Pricing	discounting commission to retailers
Promotion	sales promotions merchandising material advertising campaigns brochure production public relations
Place	increase the number of marketing intermediaries, distribution and sales staff support

1. **Management or executive summary**
2. **Marketing objectives**
 - (a) Company mission statement
 - (b) Detailed company objectives
 - (c) Product group goals
3. **Product/market background**
 - (a) Product range and explanation
 - (b) Market overview and sales summary
 - (c) ABC sales: contribution financial performance assessment
 - (d) Directional policy matrix evaluation of the product portfolio
4. **Marketing analyses**
 - (a) Marketing environment and trends
 - (b) Customers' needs and segments
 - (c) Competition and competitors' strategies
 - (d) Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis
5. **Marketing strategies**
 - (a) Core target markets (segments)
 - (b) Basis for competing/differential advantage
 - (c) Desired product/brand positioning
6. **Statement of expected sales forecasts and results**
7. **Marketing programmes for implementation**
 - (a) Marketing mixes
 - (b) Tasks and responsibilities
8. **Controls and evaluation: monitoring of performance**
9. **Financial implications/required budgets**
 - (a) Delineation of costs
 - (b) Expected returns on investment for implementing the marketing plan
10. **Operational considerations**
 - (a) Personal and internal marketing relationships and communications
 - (b) Research and development/production needs
 - (c) Marketing information system
11. **Appendices**
 - (a) SWOT analysis
 - (b) Background data and information
 - (c) Marketing research findings

Figure 12.2 Suggested format for one-year marketing plan

The organisation must check that all the planned activities fit in with the overall marketing strategies and can be funded within the planned marketing budget. It is also important that the organisation checks whether the existing personnel are capable of achieving the plan. It is sometimes important that outside agencies, such as advertising agencies, for example, are considered early in the planning stage and become actively involved if required.

Summary

When the programmes are set, the organisation will know where it is going and how it will get there. It will also have a clear view of how this is going to affect the organisation and its employees in the long and the short term.

We can now return to the tour operator which we looked at in Chapter 11. At this stage the organisation had considered the overall marketing objectives and strategies.

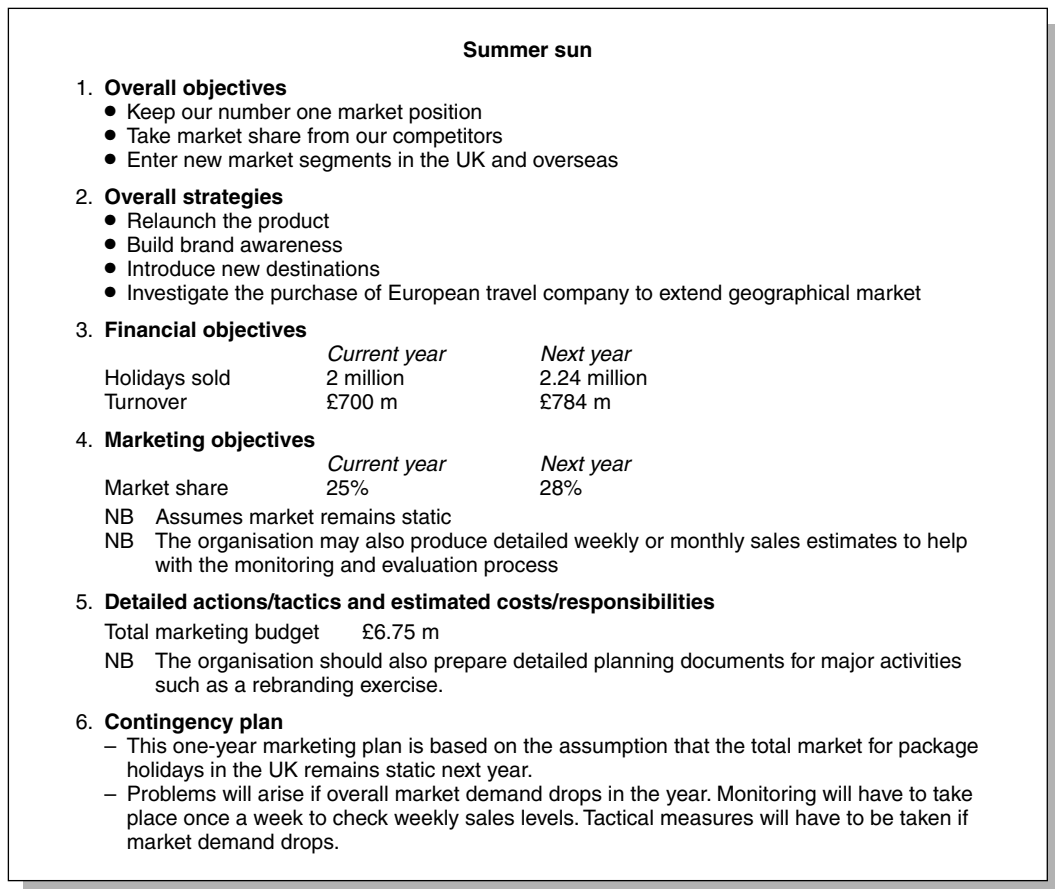


Figure 12.3 One-year marketing plan – The tour operator's Strategic Business Unit

Strategic Business Unit

Summer sun

We will now consider the writing and preparation of the detailed tactical marketing plan for the next year for this SBU.

The finished draft of the marketing plan is shown in Figure 12.3 and Table 12.1. The plan gives the overall objectives and strategies for the current year. A financial objective is also given to show the targets for this particular SBU.

Activity	Timing	Budget	Responsibility
1. Product range			
(a) Negotiate two new destinations for next season	Ongoing	£100,000	AB
(b) Handle relaunch of summer sun brand	Ongoing – to be completed for next season	£500,000	TC
2. Promotion			
(a) Handle ongoing PR campaign	Ongoing	Central budget	Publicity manager
(b) Prepare next year's summer sun brochure	Ongoing	£500,000	TC
(c) Sales promotion with trade	January	£100,000	AC
(d) Plan and execute TV/Press advertising campaign	Ongoing	£5 m	Liaise with advertising agency AB
(e) Start work on rebranding exercise	Ongoing – initial ideas by May	£500,000	Liaise with advertising agency and design studio AC
3. Distribution			
(a) Work on distribution direct sales idea	Initial ideas by May	£50,000	BD
4. Prices			
(a) Set prices for next year	Initial ideas by May	–	Liaise with finance department
<i>Other activities</i>			
Investigate possible purchase of European travel company	Report on feasibility in June	–	'Purchase Team' AB – from marketing
Ongoing market research with customer	Final report available in November	Central budget	Marketing research company controlled by AB

Table 12.1 Detailed marketing activities

This would in practice be expanded to a monthly or weekly sales estimate which would be used to evaluate performance on an ongoing basis. The plan also includes detailed plans, budgets and responsibilities for the various activities which will be required to meet the objectives of the plan.

This marketing plan would then have to be looked at in combination with all the other proposed marketing plans from other SBUs in the organisation to see if they were congruent. Once the marketing plan is agreed, it can be used as a way of communicating to all staff within the company and particularly those in the marketing and sales departments.

Conclusion

The organisation has now drawn up a detailed marketing plan for all of the SBUs' brands and product lines. These can now be agreed and implemented for the next period. The organisation must now move to the final part of the marketing planning process – the monitoring and evaluation stage or 'How will we know when we get there'.

Discussion points and essay questions

1. Outline a hypothetical marketing plan for an organisation of your choice based on the model of Dibb et al. (2001).
2. Critically evaluate the one-year marketing plan for a tour operator's SBU, which is outlined in Figure 12.3.
3. Discuss the main techniques involved in sales forecasts and examine the problems involved in sales forecasts.

Exercise

You should choose a leisure organisation. For the organisation selected you should:

- (i) ascertain the organisation's current marketing objectives;
- (ii) taking the organisation's current marketing situation into account develop a one-year marketing plan for the organisation, based on the model set out within Figure 12.2.

You should arrange to present your marketing plan to the organisation and its managers, asking them to comment on its strengths and weaknesses.