

# How will we know when we get there? Monitoring, review and evaluation

## Key concepts

The main concepts covered in the chapter are:

- Performance evaluation techniques
- Marketing information systems
- Marketing control mechanisms.

## Introduction

Last, but crucially important, in the marketing planning process is the issue of monitoring, evaluation and review. This is the control mechanism in the process which ensures that the outcomes are meeting expectations.

It follows a number of stages:

- monitoring the organisation's performance against the target set in the marketing strategy/plan;
- identifying variances and seeking to explain them;
- institution action, wherever possible, to put the organisation 'back on track' to ensure that the strategy/plan, as originally conceived, is implemented in full;

- where the pattern cannot be put right in this way, because the original strategy was over-ambitious or circumstances have changed since it was adopted, then the strategy/plan has to be modified;
- the product of the monitoring, review and evaluation phase of the process becomes the starting point for the current situation analysis stage of the next cycle of marketing planning.

In this chapter we will look at how monitoring, review and evaluation can be undertaken in leisure.

We will also consider the prerequisites for successful monitoring, review and evaluation.

The final stage of the marketing planning process is the monitoring and evaluation process. This will allow the organisation to regularly review whether their plans are being adhered to and whether the targets which were set are being met.

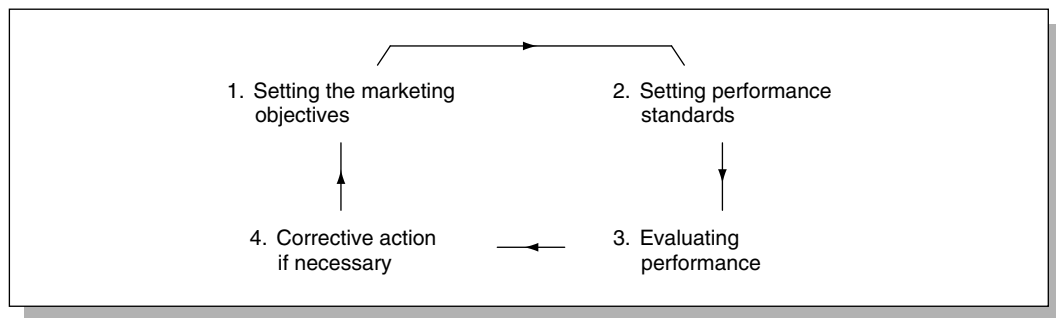
## Controlling marketing activities

To achieve the marketing objectives, the organisation must control the marketing efforts. This control will consist of setting performance standards and establishing how the organisation is achieving these standards on a regular basis. This is a fundamental activity in marketing, but evidence shows that organisations often fail at the final stage. The methods of control which are used will depend on the type of organisation, the business in which it operates, and the culture and management styles.

Performance standards must be set for all areas of the business. These will be a mix of financial goals and other standards which should also be met. Some examples of performance standards will appear in the detailed one-year marketing plan for an individual product.

Examples of performance standards might be planned in relation to weekly or monthly sales targets, successful completion of activities such as production of brochures, or rebranding exercises or increases in the total customer base. Performance standards can also relate to product quality.

The controlling process will involve looking at actual performance in relation to the performance standards and taking corrective action if necessary (Figure 13.1).



**Figure 13.1** Summary of the marketing control process

## Methods of evaluating performance

There are various methods which can be used to evaluate the organisation's performance in relation to set standards. The most commonly used method of evaluating performance is the use of sales data.

## Sales analysis

Sales figures are used to evaluate the organisation's performance. Sales data is usually available and it is the most direct method of analysing the customer reaction to changes in the marketing mix. The customer response to a new destination or a new brochure, for example, will be reflected in the level of sales which results from these developments.

The danger with sales data is that it is presented in a form which cannot be used by the marketing manager. Sales data should be summarised before presentation if at all possible. The data should be presented in a form which relates to the sales estimate. For example, if there is a target for £500,000 of sales in one month of trading, the manager can look at the resulting sales figure and judge exactly how close the sales of the product are to this estimate.

Sales data can be presented in the form of sales volume, sale value or market share. Sales volume for a product will tell the marketer how the particular product sales are progressing. Market share data will tell the marketer how the product is performing in relation to the competition.

It will be particularly serious, for example, if both the sales volume and the market share for a product are declining. The sooner the manager knows, the sooner that corrective action can be taken to improve performance. Total sales figures should be broken down by individual products. They can also be broken down by geographic area and customers. It will be particularly important for a tour operator, for example, to know sales performance in different retail travel agents.

*Marketing cost analysis* involves a careful look at the costs involved in the marketing activity.

It has been suggested by Teare et al. (1994) that a marketing information system for hospitality organisations is composed of

- Accounting systems
- Data collection and market analysis
- Administration and control
- Market research.

The marketing information system for a large hospitality organisation has been evaluated by Teare et al. (1994). The model which was developed shows the components of the marketing information system and the interrelationships between them. This shows the dynamic nature of the marketing information system in a hospitality organisation which is typical for all business organisations.

One of the problems with this type of analysis is that it is often difficult to apportion central costs to specific product groups or individual products. The organisation should have a way, however, of analysing the functional costs of specific product groups, geographic areas or customer groups.

## Problems with marketing control

Organisations often have fundamental problems with their marketing control processes. These problems can be summarised under three main headings:

- *Environmental changes* – Organisations often introduce changes in marketing mix programmes at the same time as something happens in the business environment. Customer demand or economic conditions may change, for example. These will both have an effect on sales.

- *Time lags* – There is nearly always a time lag between carrying out marketing activities and their effects. The marketer must allow sufficient time before sales data is analysed. The definition of ‘sufficient time’ will largely be a matter of judgement by the marketer based on previous experience. In a completely new market, where experience is limited, the judgement will have to be developed.
- *Difficulties in determining costs* – It is often difficult for an organisation to determine the full cost of a marketing activity for a particular product.

Despite these potential problems, the monitoring and evaluation of marketing activity detailed in a marketing plan is a very important activity. Marketing information systems should be developed which help the marketer to carry these out in a simple and effective manner.

## What to do if things go wrong

The advantages of a well-developed monitoring and evaluation system is that the organisation will know at an early stage when things are going wrong.

If sales and/or market shares begin to fall, the organisation can take corrective action immediately. There may be a variety of tactical measures which an organisation can use to help in these types of situation. For example, the organisation may:

- introduce a sales promotion;
- temporarily reduce price;
- increase advertising spend;
- reduce capacity.

The organisation may also have to adjust the original marketing plan to reduce the over-ambitious sales estimates.

It is just as critical to the organisation if the indications are that the sales estimates were too low. This may mean that the company cannot meet demand and therefore will lose revenue. It may also mean that customers become unhappy and begin to look at competitor’s products. This will be particularly damaging if customers are not ‘brand loyal’ because they will quickly change their allegiance to the competitor’s products.

## Summary

The final stage of the marketing planning process is very important to ensure an organisation’s success. The marketer must review how the products are performing in relation to previously agreed performance standards.

We can now return to the tour operator which we looked at in Chapter 12. At this stage the organisation had completed the one-year marketing plan for the Summer Sun SBU. It is important now that the marketing manager plans a method of review and evaluation for this area of the business, so that ongoing progress can be evaluated.

## Setting of performance standards

The one-year marketing plan had proposed a series of performance standards. These are summarised in Figure 13.2.

Source	Format
1. Financial performance data	(a) Yearly sales estimates (b) Sales estimates broken down into (i) weekly volume targets (ii) destination volume targets (iii) customer type targets (c) Marketing budget allocated to different activities e.g. advertising budget (d) Market share data
2. Key activities for the year	(a) Overall plan with critical data and budgets (b) Individual plan for specific projects, e.g. production of brochures
3. Market research of customer response	Overall targets

**Figure 13.2** The tour operator – Summer Sun Strategic Business Unit. Summary of performance standards

The marketing manager for the Summer Sun product should therefore make sure that the marketing information system which has been outlined by Piercy (2002) is in place.

Piercy describes the characteristics of a marketing information system as:

- it stores and integrates information on marketing issues from many sources;
- it provides for the dissemination of such information to users;
- it supports marketing management decision-making in both planning and control;
- it is likely to be computerised;
- it is not simply a new name for market research.

In the case of the tour operator, the marketing information is coming from a number of sources.

The key activities which the manager should put in place are as follows:

- Make sure that there is a weekly summary produced of financial data, including weekly sales figures, market share and budget spend.
- Make sure that he/she has a regular review of marketing data, e.g. Mintel, Press reports, etc. Ideally once a week or minimum of once a month.
- Regular weekly/monthly meetings with key organisation staff to monitor process on individual projects.
- Regular weekly/monthly meetings with key agency staff, e.g. market research agencies, advertising agencies, etc. to monitor progress.
- Monthly review of plans for individual high profile projects, e.g. creation of the Summer Sun brochure.
- Early feedback on key market research programmes. The research of customer attitudes is very important here.
- Regular review with destination managers – how is business going? Are there any problems, etc.?

The marketer should then act on the information received and take corrective action, if necessary. It is important that both quantitative and qualitative data is received, evaluated and responded to.

## Conclusion

The marketing planning process is not finished until the plan is put into action and it is continually reviewed and evaluated. It is also important that any lessons which are learned from the previous year's planning process are incorporated into subsequent years.

## Discussion points and essay questions

1. Discuss the main methods of evaluating marketing performance, highlighting the difficulties involved in implementing these methods.
2. Evaluate the most important marketing control mechanisms and outline the problems associated with each of them.
3. Using examples, examine the role of performance standards in ensuring the effective implementation of marketing plans.

## Exercise

Choose *one* of the following SBUs:

- the business class service offered by a privately owned scheduled airline;
- the ski-holiday product of a tour operator;
- the food and beverage operation of a major hotel.

For the SBU you have selected, you should:

- (i) Suggest a range of performance indicators that would help an organisation monitor the marketing performance of its SBU.
- (ii) Outline the action that might be taken if an SBU failed to meet targets set for it in relation to these performance indicators.