Marketing Plan Structure

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Mission Statement

In real life, the mission statement should come from your Business Plan. A mission statement is a key tool that can be as important as your business plan. It captures, in a few succinct sentences, the essence of your business's goals and the philosophies underlying them. Equally important, the mission statement signals what your business is all about to your customers, employees, suppliers and the community.

Ask yourself:

- Why are you in business?
- Who are your customers?
- What image of your business do you want to convey?
- What is the nature of your products and services?
- What roles do you and your employees play?
- What kind of relationships will you maintain with suppliers?
- How do you differ from your competitors?
- How will you use technology, capital, processes, products and services to reach your goals?
- What underlying philosophies or values guided your responses to the previous questions?

Now write a sentence that is inspiring, that tell the world what your mission is as a company. Go back to this mission statement during the writing of your marketing plan to make sure you are still within the scope defined in your statement.

e.g. Mission Statement L'Oréal Paris: *To help men and women around the world realise the beauty aspiration, and express their individual personalities to the full.*

Choose a Business

How will we fulfil the promise from the mission statement? By choosing a business, an activity we will develop.

e.g. We choose the cosmetic business.

Your Core Business

It may sound obvious, but the first step to developing a marketing plan is to know what business you're in. How you decide that can have a big impact on the size of the market you compete in, and the intensity of competition you face. You can define your core business **very broadly**, or **very narrowly**. If you choose it very broadly you'll need a lot of resources, you will have many competitors. Choose narrowly and your options will be more limited.

e.g. Core Business L'Oréal Paris: *We are in the business of cosmetics.*

Or, you could define your entire core business around a **primary benefit**. This will limit your scope.

The product category

It is not always necessary to define this, the product category you are active in could be the same as the core business. Choosing a product category will make it easier to analyse the market, the competitors, you will compare competitors within the same product category, which narrows down the amount of data.

e.g. The product category we want to focus on with L'oréal Paris in Flemish Belgium is the category called "make-up".

PESTEL

Now you need to analyse the external factors (macro-environmental) that have an influence on your business.

We will limit this marketing plan to the Flemish part of Belgian market for L'Oréal Paris, limiting the scope helps to make the marketing plan manageable within the time frame we have for this course. A PESTEL analysis will tell you about how the external environment can create opportunities or/and threats for L'Oréal Paris.

PESTLE analysis, which is sometimes referred as PEST analysis, is a concept in marketing principles. Moreover, this concept is used as a tool by companies to track the environment they're operating in or are planning to launch a new project/product/service etc. PESTLE is a mnemonic which in its expanded form denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. It gives a bird's eye view of the whole environment from many different angles that one wants to check and keep a track of while contemplating on a certain idea/plan.

e.g. for this course, you don't need to go too much in depth, try to find the essentials, in real life this would take at least a week of study (in team) to makes sure we have all the elements of the external environment on the radar. Analyse PESTEL and focus on your product category.

Political factors are basically how the government intervenes in the economy. Specifically, political factors has areas including tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government aims to

provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods or merit bads). Furthermore, governments have a high impact on the health, education, and infrastructure of a nation.

e.g. for L'Oréal Paris in Flemish Belgium: there are no limitations in selling cosmetics, no special laws, only some control mechanism to make sure cosmetics don't use raw materials sourced from dangerous chemicals or endangered animals.

Economic factors include economic growth, interest rates, exchange rates, the inflation rate. These factors greatly affect how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and would therefore to what extent a business grows and expands. Exchange rates can affect the costs of exporting goods and the supply and price of imported goods in an economy.

e.g. for L'Oréal Paris in Flemish Belgium: while there is an economic crisis still, the consumer purchase power in this region is high, consumer can spend a big amount of money on clothing and cosmetics especially in the big cities and industrial areas.

Social factors include the cultural aspects and health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. High trends in social factors affect the demand for a company's products and how that company operates. For example, the aging population may imply a smaller and less-willing workforce (thus increasing the cost of labor). Furthermore, companies may change various management strategies to adapt to social trends caused from this (such as recruiting older workers).

e.g. for L'Oréal Paris in Flemish Belgium: Consumers are following trends, are influenced by tv and internet, they spend time socializing in bars, clubs, festivals. There are 2milj. women between 15 and 55 years old of which 1milj. that spend a significant amount of money on cosmetics.

Technological factors include technological aspects like R&D activity, automation, technology incentives and the rate of technological change. These can determine barriers to entry, minimum efficient production level and influence the outsourcing decisions. Furthermore, technological shifts would affect costs, quality, and lead to innovation.

e.g. for L'Oréal Paris in Flemish Belgium: an important technology trend is online purchase and online advice for cosmetics, important developments in R&D of cosmetics requires economy of scale.

Legal factors include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

e.g. for L'Oréal Paris in Flemish Belgium: companies get a quota to hire an equal amount of women and man in their management team, high educated women are high consumers of cosmetics/make-up products.

Environmental factors include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer, both creating new markets and diminishing or destroying existing ones.

Market Information

Now you will analyse the market information and the internal information available for your product category. This is micro information about the competition, the industry, the marketing mix of competitors, market shares … The techniques use is described in the slides as:

- Desk research
- Secondary information
- Primary information

For this course, you won't be able to do an extensive market research effort, you may "invent" some information if you need to, or describe what you would do if this was a real exercise.

e.g. for L'Oréal Paris in Flemish Belgium:

- Desk Research:
  - Search on internet information about competitors in make-up products, compare prices, compares advertising, compare retail stores, compare packaging, compare product …
  - Interview sales people in a retail store, about how they see L'Oréal Paris make-up products compared to the competition.
  - Look for CRM data within your company (L'Oréal), sales data, …
- Secondary information:
  - Search for available market research already published about the make-up market in that region, or in Belgium, or in Europe.
  - Data about consumer behaviour, how much they consume, …
- Primary data:
  - Interview consumers to collect the information you didn't find through Desk Research and Secondary information.
  - You could go to a retail store and check the surface per brand, per product category, or go to a cosmetics trade fair. Looking at how much advertising space there is in a glossy magazine can also tell you a lot about the market.

Competition (BCG)

The market research should have resulted in market share data and market growth information for your product category. Now you are ready to design the BCG for your product category. The data you have collected is maybe not 100% accurate, but it is better to work with that now instead of doing nothing at all.

e.g. L'Oréal Paris data is only available on a European level, so we will use this data and project that onto our market. Market growth for make-up is 12% per year, L'Oréal owns 18% of that market (value in € retail), the biggest competitor is Givenchy with 10%, next is Chanel with 5% and then Dove with 4%. The total market revenue (retail value excl. VAT) in Europe for make-up is 800.000.000 €. With this information we can design the BCG for the make-up product category.

Buying Process

Define the buying process for your product category.

Customers follow a distinct set of steps when buying anything. That process may take a matter of seconds, such as an impulse purchase at a store, or it may take a matter of months, such as the purchase of a new home or a car.

Typically, though these steps are as follows:

First is the Need Recognition phase. This is where customers realize that they want something. That can be triggered internally, for example if a customer is thirsty that will trigger a need for some type of beverage.

But it can also be triggered externally through advertising or other stimuli. If a customer sees a TV commercial for a cold soft drink or perhaps sees a group of people drinking it, those could stimulate the customer to want that same drink. The Need Recognition step is very important because without it there won't be a sale.

The next step is Information Search. Once customers feel a need to have something, they start gathering information about solutions for that need. They get information from a wide variety of sources including commercial advertising, Internet search, while shopping in a store, and most importantly from other customers. This is a critical step because this is where a customer is most receptive to your marketing message.

Once a customer gathers information they go to the next step, which is to evaluate the alternatives. Customers make choices based on two things, what features are most important and which brand does the best job in delivering those benefits? Customers will make head-to-head comparisons between your product and the competition, so it's critical that you give them a complete picture of how your product will best satisfy their needs.

Eventually the customer will narrow their choices down to one brand, and they'll go to the next step, the Purchase phase. Buying a product may take a matter of seconds, such as buying a soft drink at a vending machine, or it could take months that might involve negotiations, financing, training, maybe installation. Complex, expensive products usually take a lot longer to buy than your everyday consumer good that you'd find in a grocery store.

Now you might think that the buying process ends here with the final purchase, but there's one last step.

It's called the Post-Purchase Behavior phase. Once customers start using the product or service, they compare the results with their expectations. Did the product work as expected? How did the product make them feel when they used it? This phase is also critical because customers will share their experiences, good or bad, with other customers. And with the way information spreads through social media that can be really helpful or hurtful to your marketing campaign.

Something else happens at this phase that a marketer needs to be aware of. It's called Buyer's Remorse. Customers might start having second thoughts on whether it was a good idea to buy the product. They start to wonder, "Gee, did I pay too much? "Did I really need this product? "Was there a better alternative out there "that I should have bought instead?" Marketers need to weigh in at this phase and remind the customer that they made a great choice. You can do that with advertising.

e.g. L'Oréal Paris consumer behaviour:

- The consumer has a need for recognition/esteem
- The consumer will be triggered to buy L'Oréal by viewing commercial, ads and friends

- When shopping in retail store, their attention will be triggered by point of sales, packaging and posters that offer the same message as the ads
- They will prefer L'Oréal because this brand is known, renown, familiar
- They will choose make-up and purchase
- After purchase they will talk about it with friends and share experiences
- They will buy L'Oréal again because they received good feedback from peers

SWOT

e.g. L'Oréal Paris consumer:

Opportunities:

1. Change in demographic, young women from 15-18 year have more purchase and decision power
2. Change in communication channels, younger demographics (<35 years) are influenced by online media versus broadcast media
3. Change in retail, e-Commerce is the channel of preference to purchase cosmetic products

Threats:

1. Big online competitors from Asia
2. Strict environmental laws for cosmetics
3. Lower consumer purchase power

Resulting in:

Strengths:

- 0pportunity 2: L'Oréal Paris is already very present in online communication
- Threat 1: L'Oréal Paris brand is much stronger that any Asian brand
- Threat 2: L'Oréal Paris is part of the European environmental association

Weaknesses:

- 0pportunity 1: L'Oréal Paris is seen as a brand for older generation >35 years
- Opportunity 3: L'Oréal Paris is not present at all in e-Commerce, only via retail partners
- Threat 3: L'Oréal Paris has no low-end product range

Marketing Objectives

The SWOT analysis will result in strengths and weaknesses linked to real market opportunities and threats. Choose now to invest and improve in some strengths and weaknesses, these choice will be translated into goals and objectives.

- **Goals** '" are long-term aims that you want to accomplish.

- **Objectives** '" are concrete attainments that can be achieved by following a certain number of steps.

For a marketing objective to be the most useful, it should meet the following criteria. First, it should be **specific**. If you simply say your objective is to increase market share, that would not be specific

enough. Increasing market share from 15% to 17% is much better, because it's specific. Second, the goal should be **measurable**. Setting a goal that can't be measured will become frustrating for you and the team, especially when you try to gauge your progress in reaching it. Next, the goal must be **attainable**. Setting an unrealistically high goal won't do you any good. In fact, it could hurt your campaign by causing you to spend more marketing dollars than is warranted. The fourth criteria is **relevant**. That means the goal is directly related to your marketing strategy.

And finally, the objective must be **time-bound**, meaning that the goal will be achieved during a specific period of time. That could be any time frame you want, but most likely, you'll set the same time frame for the same periods of time that your company measures financial results, a year, or perhaps a quarter, or even monthly. Taken together, these criteria spell the word, **SMART**, and that's an easy and smart way to remember these important goal-setting criteria.

e.g. L'Oréal Paris Goals:

1. Reach the middle range of the market
2. Be more present online

e.g. L'Oréal Paris Objectives:

1. Develop a middle-end product range, comparable to the actual high-end range we have today, of make-up products for women between 15-18 years old, to be available starting 1/1/2018
2. Develop an e-Commerce platform in Flemish Belgium to be available 1/1/2017 offering all L'Oréal Paris products in partnership with our retail stores

Segmentation

At this point of the marketing planning process, we've completed the analysis phase. We know a lot about our customers. We've estimated our market and where the most potential is. We understand our competition and we know how our products and services perform versus theirs. It's time to start the strategic phase of our planning. To create a marketing strategy, you have to perform three steps. First is segmentation, where you break your customers into homogeneous groups.

Next is targeting, where you decide which of these segments to go after. And finally is positioning, where you determine how you want your customers to think about your products versus the competition, so they're more likely to buy yours.

e.g. L'Oréal Paris Segmentation:

We will segment by gender, age and social class.

Our target market is the woman from 25 to 45 with a minimum family income of 5000€ net per month and in the middle class of the Flemish Belgian society.

USP

A Unique Selling Point (USP) is that aspect that differentiates a product or service from all other similar products or services. The "uniqueness" is in some way singular, exclusive, one-of-a-kind.

You may define many USP's.

e.g. Best make-up for the women of different cultures through constant research and innovation.

Value Proposition

A Value Proposition is a definitive expression or statement of the concrete outcome of using your products and/or services.

A Value Proposition should "shock awake" the prospects who might have been perfectly happy with their status quo products or services moments before. At the very least the prospect should begin to really pay attention to you after you give a well reasoned value proposition.

Look back at your USP's and use them as well as possible to define your value proposition.

e.g. L'Oréal make-up will accentuate your femininity in a way you never experienced before.