

MARKETING STRATEGY DEVELOPMENT

Better Business Builder



aspire • act • achieve



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This Better Business Builder has been developed by Better Business Outcomes for the purpose of conducting strategic marketing workshops facilitated by Mark Jocusen. This program is the result close collaboration between Mark Jocusen (Business Improvement Specialist) and Graham Jocusen (PHD in Marketing & Small Business Strategy). It aims to enable small & medium sized businesses to build the same strategic marketing expertise as enjoyed by large corporations.

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Introduction

This Better Business Builder will lead you through the process of developing a marketing strategy for your business and a plan to implement it most effectively.

Most small businesses have put little thought into what strategies they should follow and why. A strategy is needed by virtually every organisation if it is to use its skills and resources effectively to achieve its goals and objectives. It provides a focus for the energy, commitment and direction of a business.

In a nutshell, developing a marketing strategy involves finding out more about a number of crucial things:

Firstly, finding out about yourself, your business and all the current situation about your business. In 'warfare' language, it is all about assessing your own resources, strengths, finances, weaknesses.....just as it is vitally important for an army to have an intimate knowledge of its troops, leadership team, support available, munitions.... before going into battle. Before you can do anything meaningful with a reasonable chance of success you must 'know thyself!!'.

Secondly, you need to find out as much as you can about your competition and competitors, or, in 'warfare' language, find out as much as you can about your 'enemies'. This is where good intelligence comes into its own. But you can learn a lot about competitors by simply closely observing what they are doing and how. No business can really hide what it is doing. In warfare language- 'know thy enemies'.

Thirdly, you need to find out as much as you can about the 'environment' within which you must operate, just as an army needs to know about the terrain, the weather, the political situation.....if it is to maximize its chances of success.

You cannot develop a meaningful strategy before you analyse these three things.

Once formulated, your marketing strategy provides the meaning, guidance and direction for all your efforts within your business. And, just as an army has to be prepared to modify strategy if some major change in circumstances occurs, so a business must also be prepared to modify marketing strategy if something major happens in the competitive environment or in some major factor in its external environment.

Preparatory Questions

Reflect on the following questions about marketing strategy and its relevance to your business. Remember, there are no 'right' or 'wrong' answers! This is simply to get you thinking and to highlight the importance of proceeding through the process of developing your marketing strategy.

1. What do you consider to be a marketing strategy?

2. What, in your opinion should be contained in a marketing strategy?

3. Does your business currently have a marketing strategy?

4. If so, is it written down or is it in your head?

5. If so, what is your marketing strategy? Could you put something in words now which approximates your marketing strategy?

6. If your business is faced with a major decision such as a possible acquisition of another business or going into a completely new market or making a major capital expenditure or putting on new staff... what processes do you go through in making these important decisions? (make a few notes on this, perhaps think of your last major capital expenditure decision)

7. Could you put into words where you believe your business is going in the medium or longer term timeframes? Is it where you WANT it to go? Please explain.

What is a Marketing Strategy and Why is it so Important?

Any business owner is unlikely to commit to developing a marketing strategy unless he/she firstly knows what it is and secondly understands the benefits of having one.

Key ideas:

1. Most smaller to medium sized businesses rarely have a written version or even a vague idea in their minds of what a marketing strategy actually is, let alone how such a strategy may help them in their businesses.
2. There is a belief among smaller to medium sized business owners marketing strategies are relevant only to large businesses such as major manufacturers, banks, retailers and so on.
3. It is often erroneously assumed that it costs a fortune for any business to develop a marketing strategy for themselves or have someone outside do it for them.
4. Virtually every business, whatever its size, seeks to meet the needs of buyers or customers by producing and delivering products and services. It does this by using the elements of the so-called 'marketing mix', which is really just a fancy term to describe the 'things' which a business uses and does to meet the needs and wants of customers.
5. The 'marketing mix' includes the products (or services), the price, the place (distribution), the promotional activities and the more recently added fifth 'P', 'people'. 'People' has an important influence upon each of the other elements of the marketing mix.
6. Developing a marketing strategy has numerous important benefits for smaller businesses.
7. The most important benefit of a marketing strategy is to provide direction and guidance for the business so that it is not operating a bit like a rudderless ship, at the complete mercy of the ever changing environment and ever changing competitive situation.
8. Any major or minor decision which a business faces should not be made until its consequences in relation to marketing strategy have been fully assessed. In this way, the marketing strategy 'guides' all decision making within a business.
9. A further major benefit relates to the processes which a business goes through in developing the marketing strategy. The processes force the small business to systematically look at everything which may directly or indirectly impact upon its operations. So, quite apart from the final marketing strategy document produced, the processes in themselves, have significant benefits for the business.
10. Overall, the marketing strategy gives the firm direction and enables it to pursue its goals with determination and purpose. Without a clear strategy a small business is essentially operating on a day to day problem solving basis, immersed in the details of operations and seemingly always 'putting out bush fires.'
11. Essentially, the marketing strategy outlines what the overall goals and objectives of the business are and how these objectives and goals are to be achieved.
12. Don't get the idea here that a marketing strategy is 'fixed' or carved in stone, never to be altered!! It should always be considered as a flexible document, capable of being altered if some major event, opportunity, threat or whatever should occur. In other words, it should not be placed in a drawer in the office to gather dust but rather to be constantly in the minds (and hearts!) of everyone in the business.

Developing a Marketing Strategy

How is a marketing strategy developed?

It is important that a systematic, step-wise approach is followed in developing a marketing strategy so that no important factor or issue is left out of consideration. This approach forces you to look at all things which may be important. It also ensures that you don't prejudge whether a particular issue is or is not of importance in developing your strategy. It also stops you from becoming sidetracked!

The 5 key steps in the marketing strategy development and implementation process can be summarised as follows:

Step 1: Information collection, analysis and interpretation (internal, external, competition, competitors)

Step 2: Brainstorm marketing strategy 'possibilities' (options, insights, goals and objectives etc)

Step 3: Strategy Statement (decide on your marketing strategies)

Step 4: Implementation* (decide on how to implement your strategies)

Step 5: Results and review* (and possible corrective actions)

Note: * Steps 4 & 5 are covered in the follow-up Better Business Builder titled *Marketing Strategy Implementation*

Step 1: Information collection, analysis and interpretation

In this section, you will concentrate upon recalling or collecting information related to your business itself, the environment within which your business operates and the various sources of competition which impact upon you, including direct competitors. It is useful to ask the critical questions here even if answers are not immediately available or apparent. An educated guess is better than nothing!! You should avoid thinking about marketing strategy possibilities in this section. We want you to make sure you don't overlook some critical business, environmental and competition factors in your rush to get to the final step of writing a marketing strategy for your business. The key here is to collate as much information as is possible. Clearly, there are critical elements within the firm, within the outside environment and within direct and indirect competitors and sources of competition which will influence marketing strategy. The following will help you structure this information gathering.

Internal analysis

In this section you will look at the things inside your business. You will of course have some degrees of control over most of these. But there will be some things over which you have very limited control in the short term.

They include things such as: how many employees; family involvement; how long been in business; current turnover; trends in turnover (longer term and seasonal etc.); what products and services offered; contributions of products and services to turnover and/or profits; profile of customer base- how many?, what proportion of your business attributable to different customers?, financial status of business, inventory levels? geographic reach of business, location of business, lease/freehold premises?, what you consider as

your business strengths, what you consider as your business weaknesses? Any special product or service patents etc? Growth pattern of your business? Ownership status of business (private, family, limited company?)

A good starting point for an internal analysis is to complete the following table with information and comments. Use extra note paper if insufficient room to make all comments.

	Internal issue	Firm's situation in relation to the issue	Importance or relevance to marketing strategy
1	History, establishment, years in business etc.		
2	Motivation to start business		
3	Employees (numbers, qualifications, experience)		
4	Turnover, level, trends		
5	Products and services offered		
6	Customer base (how many, who, where, segments? etc.)		
7	Financial situation, profitability, cash flow, debt position, cash reserves etc.		

	Internal issue	Firm's situation in relation to the issue	Importance or relevance to marketing strategy
8	Location of operations		
9	Ownership status/structure of business and possible issues relating to family member relationships		
10	Perceived business strengths		
11	Perceived business weaknesses		
12	Inventory levels		
13	Business goals and objectives		
14	What physical and financial controls do you have in place?		
15	What is your management structure?		
16	What are the main assets of your business?		
17	How do you define what business you are in?		

External Analysis (exclude competition)

This section includes the things over which you have limited, if any, control. Try to think of those things which influence your business specifically and note how important these effects are. Examples which may be relevant for you include: economic conditions generally, interest rate levels, business activity in certain industries, political influences, any local government issues, workplace health and safety, regulations surrounding operation of small businesses, overseas issues, quarantine, labour force issues, availability of skilled labour, any problems with input supplies, fuel, inputs, any opportunities to take advantage of changes in external environment? These are the sorts of things that every business has to operate within.

Use note paper to expand or if insufficient space for all your comments. We have left spaces at the end of the table if you think of any important external factor to your business which we have left out.

Factor	Nature of factor	How does it impact upon your business	*How important is it to your business. 1: not important 2: fairly important 3: very important	Projections / forecasts of the factor into the future?
1 Economic	Growth/health of economy generally			
	Interest rates Ease of obtaining funding			
	Levels of activity in certain industries			
2 Politics, government	Party in power			
	Regulatory environment			
	Levels of government influence			
	Workplace health and safety			

	Factor	Nature of factor	How does it impact upon your business	*How important is it to your business. 1: not important 2: fairly important 3: very important	Projections / forecasts of the factor into the future?
		Environmental protection legislation			
3	Unions, labour force issues	Unions Contracts Conditions Wage inflation			
4	International issues	Finance Quarantine Economic conditions Exchange rates Immigration policies			
5	Supplier issues	Fuel supplies Power Water Other important inputs			
6	Weather climate issues	Flood impacts Rainfall Drought Climate change			
7	Transport Infrastructure Issues	Availability Accessibility Availability			
8					
9					

* And does it represent an opportunity or threat to you?

In relation to external factors, what particular **opportunities** appear to be available to your firm to exploit?

In relation to external factors, what particular **threats** is your business facing and will have to confront?

Competition Analysis

In this section, you should examine all sources of competition. For example, a farmer with limited available capital may be choosing between buying a new tractor and buying irrigation equipment. In this case, a tractor dealership is really 'competing' with an irrigation supplier. So, while they are not direct competitors, they are still engaged in competition with each other. Other competition sources may take the form of alternative products or services, or perhaps substitutes for your products and services. There may be new emerging technologies which could threaten you. So in this section you should think about all the sources of competition OTHER THAN that arising from your direct competitors (those firms which are essentially producing the same products and services as you are, using similar approaches in production etc).

	Source of competition	Relevance to your business	Relevance to your marketing strategy
1	What substitutes for your products and services do your buyers or customers have access to?		
2	What are some of the alternative ways your buyers or customers can meet their requirements for your products and services (apart from direct competition)?		
3	What emerging technologies may impact competition generally for your products and services?		
4	What do you see as potential future sources of competition for you?		
5	What important things are going on in your industry at the present and how are they likely to impact you?		

Direct competitors

These are businesses that produce or provide the same products and services to your target markets. Direct competition information useful in developing marketing strategy includes:

- Market shares compared with competitors (estimates),
- Comparison of your business with competition?
- Sizes, turnovers?
- Market shares?
- Nature of products and services?
- Branding?
- Time in business of competitors?
- Any obvious opportunities and threats in relation to competitors?
- How reactive are competitors?
- Any reason to be wary of how they may react to a major strategic initiative of your business?

An important initial question to ask here is what is the economic 'structure' of the market you are operating in?

The main types of market structure are:

- **monopoly** (could be a 'localised' monopoly),
- **pure competition** (undifferentiated products, many competitors each with relatively small market share, low customer loyalty, many commodity markets)
- **oligopoly** (very few competitors each with major market share),
- **monopolistic competition** (differentiated products and services, large numbers of competitors, considerable buyer loyalty established).

Understanding market structure is important for strategic decision making.

Note that these market structures rarely occur in their pure forms in practice. We often get a combination of these in a particular industry. For example, Coles and Woolworths represent an oligopoly, but there are many small grocery retailers underneath them which operate on a local monopolistic competition industry.

How would you describe the **market structure** within which your business operates?

Competitor Analysis

List your key competitors and then make comments in the table below to help you understand your competitors better. As we mentioned before, guesstimates are better than nothing.

A: Your Business	
B: Competitor 1	
C: Competitor 2	
D: Competitor 3	
E: Competitor 4	

	Factor	A (you)	B	C	D	E
1	Market share relative to biggest competitor					
	Size of business (employees, turnover?)					
2	Location					
3	Products and services offered					
4	Time in business					
5	Branding issues?					
6	Personnel ?					
7	Pricing?					

8	Level of competitive 'threat'					
9	How 'reactive' to your decisions?					
10	Particular strengths compared with you					
11	Particular weaknesses compared with you					
12	General financial strength					
13	Any patents or copyright protections in place?					
14	Management systems in place?					
15	Any advantages in supplier control?					

Step 2: Brainstorm marketing strategy possibilities

In this section you are challenged to identify several potential marketing strategies, or at least possible 'directions' for strategy. This is done with reference to the information gathering in Step 1 and using other useful 'tools' such as SWOT (strengths, weaknesses, opportunities, threats) analyses, portfolio analyses and identifying the scope of using one or more of the marketing mix elements strategically. You should also ask the question of what you want your business to be in the future. This step involves the brainstorming of 'ideas' rather deciding on specific marketing strategies. Strategic 'brainstorming' is far more effective using the information from Step 1 combined with the structured questions posed in this step.

Key questions which could be asked here:

1. What are the goals and objectives of my business? What do I want my business to do for me and my family?

2. What scope do I have to use **product/service** *strategically* in my business? (i.e. to gain a clear advantage over our competitors)

- ❖ Have I got a special product or service unique to me?
- ❖ Do my products have features and performances which are superior to competitors?
- ❖ What range, depth of products do I have?
- ❖ How do my warranties and customer support compare with competitors?
- ❖ Have I got particular staff skills which no one else has?
- ❖ Is it difficult for competitors to replicate my product or service offerings?
- ❖ What is the nature of my overall product/service portfolio?
- ❖ How does it differ from my competitors?
- ❖ What are growth rates and market shares of my different products and services?
- ❖ Do I have special 'protections' from competition such as patents or geographic location?
- ❖ What about my after sales support?

3. What scope do I have for using **price** *strategically*?

- ❖ Do I have any special cost advantages so I can undercut competition and still make a profit?
 - ❖ Are the buyers and customers in my markets sensitive to price levels and price changes? Is my industry driven by price?
 - ❖ Do I have any real control over the prices I charge?
 - ❖ What is the price elasticity of demand for my products (ie. How responsive is demand for my product), to changes I make to my prices?
 - ❖ what are the industry conditions which influence my pricing decisions?
 - ❖ Do I have any cost advantages over competition?
 - ❖ How does price affect my sales margins?
 - ❖ What sort of pricing tactics may be available to me (trade discounts, sales, specials, discontinued lines)?
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4. What scope do I have to use **place or distribution** *strategically*? Look at both channels of distribution and physical distribution here.

- ❖ Am I in a special location?
 - ❖ Can I use the internet in my distribution?
 - ❖ Can I distribute differently to my direct competitors?
 - ❖ Do I have any special advantages or disadvantages in my distribution over my competitors?
 - ❖ How relevant is distribution in my industry?
 - ❖ What is the role of middlemen in my industry?
 - ❖ How do I fill orders?
 - ❖ How do I control inventory?
 - ❖ What is the role of transport in my business?
 - ❖ How accurate am I in filling orders?
 - ❖ Can I reach targeted consumers 'better' than my competitors?
-
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What scope do I have to use **promotion** *strategically*?

- ❖ Do I have advantages in personal selling?
 - ❖ Can I use the social media more effectively than competitors?
 - ❖ Can I use mass media in my promotions?
 - ❖ Do I have great word of mouth advantages?
 - ❖ Is there anything which I can do better than competitors in relation to promotion?
 - ❖ What use can I make of marketing collateral?
 - ❖ How relevant is my brand identity?
 - ❖ How do I motivate my sales staff?
 - ❖ How do I utilise industry events?
 - ❖ What is the role of networking in my business?
-
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-
-

5. What is the scope for me to play a leadership role or a follower role in my industry?

- ❖ Am I or can I become the market leader in my industry?
 - ❖ What market share is it realistic for me to obtain and hold?
 - ❖ What will it cost me to take market share off my competitors?
-
-
-
-
-

6. What are special *opportunities* available to me in my markets? Can my strategy take advantage of these?

7. What particular *threats* am I facing in my markets and the general environment within which I operate? Can my strategy minimise or overcome these threats?

8. What are my particular *strengths* as a business in relation to competition? Can my strategy better exploit these strengths?

9. What are my particular *weaknesses* as a business in relation to competition? Can my strategy minimise the effects of my weaknesses or better still, overcome them in some way?

10. What scope do I have to utilise the 5th element “**people**” as a strategic advantage over competition?

- ❖ Do I have better qualified and trained staff?
- ❖ Do my staff have skills and qualifications which competitors can't match?
- ❖ What is my staff turnover?
- ❖ What in service training do I offer?

Step 3: Strategy Statement

In this section you are challenged to specify a marketing strategy **in words**. The strategy should contain critical information which will enable it to be implemented with integrity. The strategy should contain enough information to leave no doubt in a reader's mind as to what the firm plans to do. But should contain not so much information that the overall strategy becomes 'lost'. It should be a statement which the owner or a manager can implement without reference back to the writer of the strategy. Some minor points of clarification may be required.

In formulating your marketing strategy statement you should use the outcomes of your brainstorming in Step 2. This is the point at which you USE what you have done in Steps 1 & 2 to put your marketing strategy into words. An excellent starting point is to use the following headings.

Suggested headings for your strategy statement:

1. **Goals and objectives:** Overall goals and objectives or 'big picture' outcomes for the business. What you are fundamentally all about in your business. Mention your marketing objectives here. Where relevant also mention targeted market shares you would like to achieve and the time frames in which you would like to meet your objectives. Also mention any expansion or acquisition goals and objectives. This section is really outlining what you want to achieve with your strategy.

2. **Target markets:** Who are your targeted clients? Do you have various groups of customers (segments) in your market which 'behave' differently to other groups of customers? How big are your targeted markets? Where are your targeted markets located? What are the basic ways in which people in your targeted market make their decisions about buying your type of products or services?

3. **Positioning and differentiation:** How do you plan to position your business relative to competitors within your various targeted markets? In other words, how do you want your various targeted markets to see your products and services in relation to your competitors? Remember that positioning must be relevant to your target markets. i.e. Your target markets must be able to understand the ways in which your products & services differ from those of your competitors.

4. **Product and service strategies:** What will be your product and services strategies?

5. **Promotional strategies:** What will be your promotional strategies?

6. **Pricing strategies:** What will be your pricing strategies?

7. **Distribution strategies:** What will be your distribution strategies?

8. **People management strategies:** Are there any special people management strategies to support the above?

9. **Summary of your overall 'strategic thrust' of your strategy.** Use few words here to describe or summarise the *central theme* of your marketing strategy.

Implementation Readiness Assessment

A great marketing strategy that is not implemented is worthless. You need resolve and commitment to successfully implement your marketing strategy. The source of this confidence & determination comes from the rigour of the process in which you have followed to develop your strategy. The challenge is deciding when you have done enough strategic planning and are ready to move onto implementation the strategy.

Answering the following questions frankly and honestly will help you determine whether you are ready to commence planning your strategy implementation.

Your answers to these questions should all be affirmative if you are to maximise your chances of successfully implementing your marketing strategy. If you are uncomfortable about any of your answers then it may be worthwhile to investigate the reasons and possibly modify your strategy in the light of these reasons. Once satisfied with your strategy proceed to the Marketing Strategy Implementation – Better Business Builder to help prepare your implementation plans.

Implementation Readiness Questions:

	Question	Response and comments
1	Are you comfortable that you have thoroughly conducted a comprehensive process in developing your marketing strategy? You have considered all the important things? Nothing important left out that you are aware of?	
2	Are you comfortable that you have involved your staff and family in your marketing strategy process? And have gained their support in what you are doing? Do they understand what you are trying to do with a marketing strategy?	
3	Are you comfortable that you have formulated a marketing strategy which is in accord with the findings from the extensive process you have carried out? That is, your strategy follows logically from the results of your analyses and information gathering.	

	Question	Response and comments
4	Are you comfortable that your marketing strategy feels 'right' for your business. In other words does it 'fit' with both yourself and your business?	
5	Is, in your opinion, your marketing strategy realistically implementable in your business?	
6	Importantly, are you comfortable that your strategy will lead your business to where you want it to be in the future?	
7	Are you comfortable that the extent of change required by your marketing strategy can be comfortably accommodated by your business?	
8	Are you comfortable that your marketing strategy is consistent with your personal orientations surrounding ethics and social responsibility in business?	
9	Are you convinced that your marketing strategy will add significant longer term value to your business? Can you budget or estimate what the financial consequences of implementing your marketing strategy will be at different points in the future? (good if you can do a rough budget here!!)	

Conclusion

Overall, it is my hope that the process you have just been through has given you a new and different way to look at your business. Rather than seeing your business as simply hard work which drives your every waking hour, you may now see it as a 'means to an end' over which you have more control than you think. A carefully crafted marketing strategy will, if you commit to using it properly, give you a much greater sense of purpose and direction in relation to both your business and your personal life. I certainly believe it will make your business more fun also!

If you would like a complimentary review of your marketing strategy statement simply e-mail me at mark@bbocoaching.com.au. This will help you gain the confidence you need to fully commit to its implementation.

Regards,



Mark Jocumsen

Presenter Profile



Mark Jocumsen has a remarkable depth of experience in assisting business owners gain better business outcomes. As founder, owner and general manager of Better Business Outcomes, he has proven his ability to establish his own successful small business while also assisting others do the same. In 2011 he was awarded Regional Finalist in the prestigious Australian Institute of Management Owner Manager of the Year Awards. He is a fully certified "ProfiTune Business Improvement Specialist" and was awarded ProfiTune Business Coach of Year for 2010.

Prior to establishing BBO, Mark had a successful career working as a management consultant and business reengineering project manager for Accenture, PriceWaterhouseCoopers & Smorgon Steel. He holds a University of Queensland Bachelor of Manufacturing & Materials Engineering achieved with First Class Honours. He understands our regional needs having grown up in Toowoomba. Ever since being awarded Dux of St. Mary's College in Toowoomba, Mark has shown an unwavering commitment to learning and excellence.

Mark is a powerful and engaging presenter. His extensive experience as a business coach and running his own business has given him the unique ability to share key business improvement concepts in a way that leads owners to implement them successfully. Mark's presentations and workshops are a must for anyone seeking better business outcomes.

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