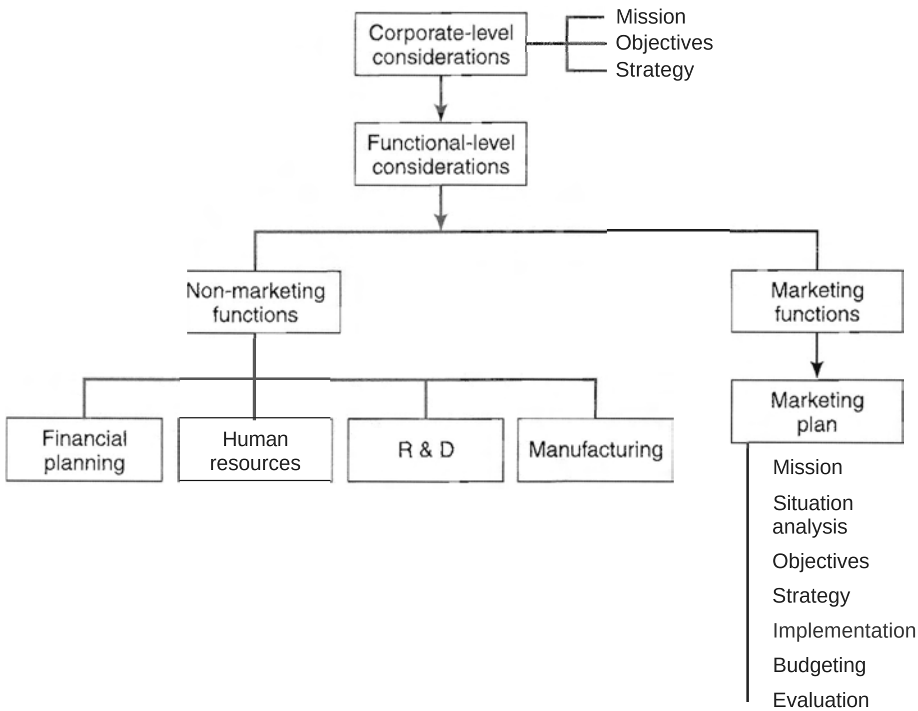

FIGURE 1.1 The marketing process

or implicit mission. The corporate mission might contain words such as "quality," "global," "profitability," and "sacrifice." The marketing-level mission should extend the corporate mission by translating the latter into a marketing context. For example, a corporate mission that focuses on technology might be accompanied by a production-oriented marketing mission. A corporation that stresses stockholders/dividends may result in a sales-orientation in marketing. A corporate mission that concentrates on value or quality reflects a consumer-oriented marketing mission. Once the mission is established, the situation analysis follows.

A marketing plan's *situation analysis* identifies factors, behaviors, and trends that have a direct bearing on the marketing plan. Much of this informatior. is usually collected simultaneously with the corporate information. However, collecting information about potential and actual customers tends to be the concern of marketers. This is an ongoing activity and represents a great deal of the marketer's time and money. (Chapter 2 describes the process of marketing research.)

The situation analysis helps produce a relevant set of marketing objectives. At the corporate level, typical objectives include profitability, cost savings, growth, market share improvement, risk containment, reputation, and so on. All these corporate objectives can imply specific marketing objectives. "Introducing a certain number of new products usually" may lead marketers to profitability, increased market share, and movement into new markets. Desire to increase profit margins might dictate level of product innovation, quality of materials, and price charged.

The Marketing Mix

Once the objectives are established, the marketer must decide how to achieve these objectives. This produces a set of general strategies that must be refined into actionable and achievable activities. The *marketing* mix-product, price, promotion, and distribution-represents the way in which an organization's broad marketing strategies are translated into marketing programs for action.

Product Products (and services)-the primary marketing mix element that satisfied customer wants and needs-provide the main link between the organization and its customers. Marketing organizations must be ready to alter products as dictated by changes in competitive strategies or changes in other elements of the organization's environment. Many organizations have a vast array of products in their mix. Ideally, each of the products is profitable. But this is often not the case, so some tough decisions must be made concerning the length of time an unsuccessful product is kept on the market.

Distribution The organization's distribution system moves the product to the final consumer. Because there are many alternatives when selecting a distribution channel, marketing management must have a clear understanding of the types of distributors, of the trends influencing those distributors, and of how those distributors are perceived by customers.

Communication (Promotion) The product's benefits must be communicated to the distributors and to the final customers. Therefore, the marketing organization must provide marketing information that is received favorably by distributors and final customers. Marketing organizations, through promotion, provide information by way of advertising, sales promotions, salespeople, public relations, and packaging.

Price Fi'lally, marketers must price their products in such a way that customers believe they are receiving fair value. Price is the primary means by which customers judge the attractiveness of a product or service. Moreover, price is a reflection of all the activities of an organization. Finally, price is a competitive tool, in that it is used as a basis for comparison of product and perceived value across different organizations.

Decisions about the marketing *mix* variables are interrelated. Each of the marketing *mix* variables must be coordinated with the other elements of the marketing program. Consider, for a moment, a situation in which a firm has two product alternatives (deluxe and economy), two price alternatives ($6 and $3), two promotion alternatives (advertising and couponing), and two distribution alternatives (department stores and specialty stores). Taken together, the firm has a total of 16 possible marketing *mix* combinations. Naturally, some of these appear to be in conflict, such as the "deluxe" product/low price combination. Nevertheless, the organization must consider many of the possible alternative marketing programs. The problem is magnified by the existence of competitors. The organization must find the right combination of product, price, promotion, and distribution so that it can gain a differential advantage over its competitors. (All the marketing mix elements will be discussed in more detail in later chapters of this book.)

Even a well-designed marketing program that has been through a thorough evaluation of alternatives will fail if its implementation is poor. *Implementation* involves such things as determining where to promote the product, getting the product to the ultimate consumer, putting a price on the product, and setting a commission rate for the salespeople. Once a decision is nade, a marketing manager must decide how to best implement the terms of the plan.

Scandim:vian Airlines (SAS) provides a good example of an organization that has successfully implemented their marketing strategy. SAS had good on-time performance, a good safety record and many services designed to make flying easier for its customers. However, these were not enough to improve SAS revenue. Other things had to be done to attract business-class customers. The approach taken by SAS was largely symbolic in nature. They put everyone who bought a full-price ticket in "Euroclass," entitling them to use a special boarding card, an executive waiting lounge, designer steel cutlery, and a small napkin clip that could be taken as a collector's item. These and other values were provided at no extra cost to the customer. The approach was very successful; business class passengers flocked to SAS, since they appreciated the perceived increase in value for the price of a ticket.

The Budget

Marketing mix components must be evaluated as part of an overall marketing strategy. Therefore, the organization must establish a marketing budget based on the required marketing effort to influence consumers. The marketing budget represents a plan to aaocate expenditures to each of the components of the marketing mix. For example, the firm must establish an advertising budget as part of the marketing budget and allocate expenditures to various types of advertising media-television, newspapers, magazines. A sales promotion budget should also be determined, allocating money for coupons, product samples, and traue promotions. SimilarlY, budgets are required for personal selling, distribution, and product development.

How much should be spent? Consider the following example. A common question that marketers frequently ask is, "Are we spending enough (or too much) to promote the sale of our products?" A reasonable answer would revolve around another consideration: "What do we want to accomplish? What are our goals?" The discussion should next tum to the methods for achievement of goals and the removal of obstacles to these goals. This step is often skipped or avoided.

Usually, when the question is asked, "Are we spending enough?" an automatic answer is given, in terms of what others spend. Knowing what others in the same industry spend can be important to an organization whose performance lags behind the competition or to an organization that suspects that its expenditures are higher than they need to be. But generally, knowing what others spend leads to an unproductive "keeping-up-with-the-Joneses" attitude. it also assumes that the others know what they are doing.

Evaluating Results

No marketing program is planned and implemented pelfectly. Marketing managers will tell you that they experience many surprises during the course of their activities. In an effOlt to ensure that performance goes accOfding to plans, marketing managers establish controls that allow marketers to evaluate results and identify needs for modifications in marketing strategies and programs. Surprises occur, but marketing managers who have established sound control procedures can react to surprises quickly and effectively.

Marketing control involves a number of decisions. One decision is what functions to monitor. Some organizations monitor their entire marketing program, while others choose to monitor only a part of it, such as their sales force or their advertising program. A second set of decisions concerns thc establishment of standards for perfolmance; e.g., market share, profitability, or sales. A third set of decisions concerns how to collect infOlmation for making comparisons between actual performance and standards. Finally, to the extent that discrepancies exist between actual and planned performance, adjustments in the marketing program or the strategic plan must be made.

Once a plan is put into action, a marketing manager must still gather information related to the effectiveness with which the plan was implemented. Information on sales, profits, reactions of consumers, and reactions of competitors must be collected and analyzed so that a marketing manager can identify new problems and opportunities.