

# **How Good is Your Marketing?**

**(Managing your marketing  
resources effectively)**



# **How Good is Your Marketing?**

## **(Managing your marketing resources effectively)**

Nicholas C. Watkis

AE DipM CMC FCIM MIBC

Copyright 2009

Nicholas C. Watkis

ISBN 978-1-4092-9562-4

# **Acknowledgements**

The author would particularly like to thank Simon Dye, Chartered Marketer and Fellow on the Chartered Institute of Marketing, and Dr James B. Reiley of Carlton and Partners for their assistance in the production of this book.

**HOW GOOD IS YOUR MARKETING ?**  
**(Manage your marketing resources**  
**effectively)**

CONTENTS	Page
INTRODUCTION -	4
PART 1 (Management and Routine Procedures)	
WHAT IS MARKETING?	6
THE MARKETING MIX – the “4 P s” plus 3	13
EFFICIENT AND EFFECTIVE MANAGEMENT	15
MARKETING MANAGEMENT – Personal qualities required	19
THE MARKETING CYCLE	21
ADMINISTRATION & ROUTINE PROCEDURES	23
Marketing Information Handling	25
Managing Marketing Resources	27
Marketing Planning	29
Promotional Support	30
Sales Organization	30
PART 2 (Analysis and Performance)	
WHY MEASURE PERFORMANCE?	32
BETTER MARKETING NEEDS	
BETTER MEASUREMENT	36
HOW TO MEASURE AND ANALYSE MARKETING PERFORMANCE	39
HOW TO MEASURE MARKETING EFFICIENCY	43

MEASURING PERFORMANCE	46
MARKETING PERFORMANCE RATIOS – Interpretation and Actions	49
SALES PERFORMANCE – Measurement , Analysis and Actions	52
Action for Effective Sales Management	57
HOW TO MEASURE :-	
Share and Growth	58
Business Growth	59
Advertising Effectiveness	60
Sales Promotion Effectiveness	62
HOW TO EVALUATE PRICE AND PROFITABILITY	63
ACCOUNTING AND MARKETING DEFINITIONS	65
Terms for:-	
Consumer and Business to Business Firms	68
Web Pages	70
THE MARKETING BUDGET	74
SWOT AND PEST ANALYSIS	
SWOT Analysis	77
PEST Analysis	79
MARKETING AUDIT	81

PART 3  
(The Conduct of Marketing)

TOTAL QUALITY MARKETING – Structured Management	96
CODES OF PRACTICE	101
REPORT WRITING	102
Standard Report Guide Format	106

INTERNAL COMMUNICATIONS	108
PART 4 (Marketing Actions)	
BUSINESS AND MARKETING PLAN FORMATS	
Business Plans Format	109
Marketing Plan Format	113
DEPARTMENTAL ORGANIZATION	115
Job Description Format	118
HOW TO EVALUATE MARKETING INFORMATION	120
PRINCIPLES OF PRICING	122
TRAINING	124
NEW PRODUCT SELECTION – checklist	126
SALES SUPPORT –	
Advertising, PR, Promotion etc.	128
HOW TO EVALUATE BROCHURES, SALES LITERATURE, AND TECHNICAL DATA SHEETS.	131
Sales Brochure Format	136
Effective Literature Copy – A checklist	138
DIRECT MARKETING - A planning checklist	139
HOW TO ORGANIZE AND MANAGE EXHIBITIONS	140
HOW TO SELECT – checklists:	
A Design Company	146
A Public Relations Consultant	148
A Sales Promotion Agency	150
A Sponsorship Agency	152
An Online Marketing Agency	154
ACTION CENTERED LEADERSHIP – checklist	160
EMPLOYEE SELECTION - checklist	163
Probation Programme - action checklists	165
Formal Probation – checklist	167
Probation Implementation Programme- Checklist	168

## **INTRODUCTION**

### **How Good is your Marketing organization? Is it fit for purpose? How do you know?**

Chief Executives and Financial Officers are asking these questions of managers of marketing. Executives responsible for marketing organizations, are under pressure to justify investment and improve results. The efficient and effective management of all the necessary resources for getting and retaining business is therefore essential. Marketing managers are assessed on the productivity of their marketing organizations, now as never before.

Getting and retaining business costs money, but how much do you spend, how do you spend it and is the expenditure justified? Those in charge of marketing are increasingly asked to answer these questions.

The executive who holds responsibility for managing the resources, assets and activities involved with marketing, may not be a professional marketer or be experienced in all of the diverse activities and resources that make up the total marketing function.

This book is a handbook of practical advice for the effective management of all those activities involved in getting and retaining business, which are collectively known as "marketing." Based on over 20 years experience with over 60 companies as a professional Interim Marketing Practitioner and Management Consultant, it is not a book of theory, but of actual practice. Its purpose is to act as a reminder of what actions need routinely to be taken, what questions should be asked, what needs to be done. It thus

provides a framework for operating and managing the Marketing function in manufacturing and service companies, in both the Business to Business and consumer sector.

The book is aimed at all those who have responsibility for managing marketing activities and does not depend on previous knowledge, marketing background or training.

It enables the executive charged with the responsibility of managing to:

- Structure the work and activities of the marketing function.
- Analyse the procedures.
- Evaluate the results.
- Question the knowledge base.
- Write effective marketing plans
- Measure Marketing performance.
- Analyse sales, revenue, costs, profits. and return on investment.

The contents also provide aide memoirs and check lists for practical management of the marketing function.

The performance of the manager of marketing will be judged by how efficiently and effectively the assets and investments are used to generate revenue.

This book sets out to provide effective process and procedure for the efficient management of the marketing functions the assets and investment.

While the practice applies mainly to the large and medium sized organizations, the principles and much of the practice apply equally to small business.

## **WHAT IS MARKETING?**

The definition of marketing is being constantly changed by marketers, so that the word means different things to different people. Even marketers use the word carelessly and talk of “marketing” a product or service, when they really mean advertising or selling. However to have meaning, the term “marketing” must be defined and used in context. To that end, there have been a number of definitions developed over the years, three of which are set out below.

Philip Kotler defined Marketing as “the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.”

Peter Drucker gave a broader definition, - “Marketing is not only much broader than selling, it is not a specialized activity at all. It encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise. ”

In October 2007, the American Marketing Association Board of Directors adopted a new definition of marketing, as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

These three definitions epitomize a lot of current thinking on marketing, concentrating on customers and “added value”. What is meant by “added value” is often never explained, and despite all the customer

centric descriptions of marketing, its overlaying purpose seems to be forgotten.

For many, marketing is still seen as an art not a science where marketing performance cannot be measured in any meaningful way. While this view is demonstrably wrong, the view still persists. The performance of the “marketing” function is measured by results and those results must include the measurable contribution of the marketing effort to the business objectives, and the production of sustainable profitable revenue. The purpose of marketing in any organization or business is to produce sustainable profitable revenue and nothing else. The marketing organization generates sustainable revenue by anticipating and satisfying customer demand profitably. This is best summed up in the Chartered Institute of Marketing’s 1976 definition of Marketing that it is:

***“the management process that identifies anticipates and satisfies customer requirements profitably”.***

This definition has yet to be bettered, in that it encompasses the generation of profit by the satisfaction of customer requirement.

In many companies, the sales function is treated separately from marketing or may be at best combined into a sales and marketing department. But if marketing encompasses all those activities which anticipate and satisfy customer demand profitably, then the scattering of those various activities around the company organization makes no sense, and prevents good management.

In fast moving consumer goods businesses, the

marketing function (including sales organizations) tend to be large. Whereas, in industrial and business to business organizations, while the sales organization may be large, that of marketing is often small by comparison and frequently a separate department. However, the division of sales from marketing tends to fragment what should be collective endeavour, into competitive animosity. Marketing is frequently perceived too narrowly, in terms of advertising and sales, and lacking the quantifiable accountability of Finance and Production, fails to prove and justify its contribution.

“Sales” is the only marketing activity which actually produces income. To be effective, the sales function requires the direction provided by marketing research and planning, together with the support of advertising. We do not “market” products and services. We research, advertise, promote, and sell products and services, which collectively are all part of “marketing”

By the Chartered Institute of Marketing’s definition, it is clear that the purpose “marketing” in any business, is the generation of profitable revenue. It therefore follows that all the business getting and retaining activities, which includes selling, should therefore be managed as a single business area known as “marketing”. The responsibilities of marketing are thus fundamental to a business, being supported by the resources of finance and personnel.

The main objective for the Chief Marketing Officer (CMO), is to maximize the income of sustainable profitable revenue for the continuation of the business, while minimizing the use of marketing costs and investment required. The CMO has the additional responsibility for achieving the corporate marketing objectives within the budget. Provided that the CMO

achieves or exceeds the objectives within the budget, the way that the marketing function is conducted need not be questioned. Only if the targets are not reached, or the budget is exceeded, will actions and investment need to be justified with quantified data by the CMO.

Many marketers see their objective as being to maximize sales, using every means available to identify and satisfy customers. For this they invest in advertising, market research, sales incentives, discounts and competitive pricing. All these are valid marketing tools which work collectively in increasing sales and maintaining product and market share. However, the prime purpose of the marketing function is the generation of sustainable profitable revenue, to ensure the long term continuance of the business, rather than the maximization of sales or market share or the achievement of revenue targets.

As the business getting function of an organization, marketing is of major importance, but its ability to satisfy customer demand is not entirely in its own control, as "production" or "service provision" have a major contribution. For this reason, marketers must not only be able to measure marketing performance, to ensure that resources are being used effectively, but also be aware of the performance of production and service provision in the generation of overall profit.

Marketing actions do not take place in a vacuum. Satisfying customers does not in itself make a profit. Customers can easily be satisfied by providing free goods and services, but without profitable revenue there will soon be no business. The generation of profitable revenue is the purpose of marketing and for that reason any definition of marketing that ignores

profit is incomplete, for it ignores the purpose of the action.

While the job of the CMO is to maximize profitable revenue by the efficient and cost effective use of investment and assets, the marketing function on its own does not make the profit for a business. All the elements of the business, finance, production, supply, and personnel, directly or indirectly contribute to overall profit. Only the marketing function provides the source of profitable revenue. However, the successful efforts to generate sales revenue, if not thought through carefully, can impinge on other areas of the business, creating variable and unforeseen costs outside the "marketing" area. Any marketing action which results in additional costs in areas outside "marketing", is a cost against the marketing budget, and will reduce the value of the overall marketing contribution.

In most businesses, the various departments generally see their own performances in isolation. The challenge for the CMO is to encourage separate departments to become more integrated to the common goal of making long term profits. To that end, all business departments have a responsibility to provide measurements of their own performance, but should also have an interest in the performance other departments which have effect, or are effected, by their own activities. This is particularly important with marketing, whose success or otherwise will have effect on such areas as finance, production, and personnel.

If marketing departments are to work efficiently and effectively to ensure the efficient planned use of investment and resources, the CMO must have detailed quantified marketing plans to meet the quantified objectives of the business. It is the task of

the CMO to ensure that the performance of the marketing function adheres as closely as possible to the performance objectives of the marketing plan. Under performance means that the objectives of the marketing plan will not be achieved and the planned contribution to the overall business plan will not be met. However, over performance while apparently beneficial, means that additional resources particularly financial may be required to meet unplanned requirement. Such situations can produce unplanned costs and reduced profitability, and in extreme cases to situations of overtrading. It is Marketing's job to plan correctly and to work to ensure that results remain within acceptable limits of the plan.

Implementing marketing plans and achieving their objectives cannot be done effectively without a full understanding of the measurements of marketing performance. Neither can implementation be achieved without awareness of marketing's effect on those other business activities which support it. Performance measurement is the key to understanding the effectiveness of any business organization. Marketing performance measurement should not therefore be considered in isolation from the performance of other business functions or the business as a whole

Marketers must also be aware of and understand the necessary support of the other business activities, as well as the effects and consequences of its actions on them. For marketing to function in satisfying customer demand profitably, it requires funds from the finance department, the provision of a product or service, and personnel able to carry out the marketing activities. All the business functions are interdependent with the ultimate purpose of making profits for the business.

Customer satisfaction is not the purpose of marketing. The purpose of marketing must be the generation of profitable revenue, by the satisfaction of customers. The Chartered Institute of Marketing's current definition contains all the necessary elements that define the marketing function, but the emphasis should be changed to include the purpose of marketing within the business organization. Thus for the purposes of this book, Marketing is defined as:

***"encompassing all those activities which generate sustainable profitable revenue by anticipating and satisfying customer demand."***