



Government
of South Australia

Department of Trade and
Economic Development

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Marketing Checklist

Purpose of the Marketing Checklist

The marketing checklist is designed to provide headings and text that remind you, as business owners and managers, of what issues should be considered when designing a marketing strategy or putting together a marketing plan. It will prompt your thinking in this area to help you to improve the marketing activities you may already be doing and to identify additional marketing opportunities to help you to grow your business.

This checklist is designed to assist you in servicing the needs of your target market efficiently, effectively and **profitably**. It can be applied to your business, whether you are marketing a product or service. Each section provides questions for you to answer about your business, as well as background information on the concepts involved.

Instructions

Proceed through each item of the checklist and its corresponding links, ticking off each box as you progress. For an introduction to the concept of marketing and where it fits in your business, "Marketing Synopsis"

KEY INTELLECTUAL PROPERTY ISSUE / TASK		Completed ↘	N/A ↘
1.	Market analysis Conduct an analysis of the size and growth of your market: <ul style="list-style-type: none"> ◆ Ascertain the trends in your industry and how they affect your activities ◆ Analyse the types of customer groups within your market ◆ Analyse and determine which groups it is most profitable for you to target. 		
2.	The Marketing Environment Analyse the following aspects of the environment in which you operate and determine their current and future effects on your business: <ul style="list-style-type: none"> ◆ Social/cultural trends ◆ Economic trends/Demographic trends ◆ Political/legal/institutional trends ◆ Ecological trends ◆ Technological trends. 		
3.	Consumer Analysis Analysis the needs and wants of your customers and consumers and how your product/service can satisfy those needs.		
4.	Current Situation Analysis Consider the current strengths and weaknesses in your organisation, as well as the opportunities and threats in the market place (this should have been outlined in 1.1 & 1.2 above) <ul style="list-style-type: none"> ◆ Strengths ◆ Weaknesses ◆ Opportunities ◆ Threats 		
5.	Competitor Analysis Analyse the activities and characteristics of the competitors in your market (both direct competitors and those who offer substitute products/services to your customers).		
6.	Establish the growth, profit and sales objectives for your business		

7.	Select which of the strategic alternatives will meet your objectives		
8.	Determine your strategy for growing your business		
9.	Determine what factors will differentiate you from your competitors in the eyes of your customers and how will you compete?		
10.	Determine where you would like to be positioned in the eyes of your customers relative to your competitors		
11.	Determine what your offering will be ◆ Product ◆ Price ◆ Place ◆ Promotion		

A final step in the marketing planning process is to constantly evaluate and monitor the performance of your marketing activities to ensure that you are on the right track.

Marketing Guidelines

Introduction to Marketing

It is very difficult to have one, all-encompassing definition of marketing that is able to explain the roles and functions of marketing in a single sentence or paragraph. Indeed attempts to do this often result in a good understanding of the definition by professional marketers but little understanding at all by anyone else!

Marketing is often confused with the function of sales. These two functions are combined in many companies and indeed sales is part of the marketing process. However, sales is a very focused function; that of convincing a potential buyer to buy a specific product or service. Marketing, on the other hand, is much broader in that it spreads across many disciplines, beginning with the identification of a need, determination of a solution for that need and a delivery system for the solution. Marketing is in contact with all the business disciplines to identify and satisfy that need. Marketing runs across all functions of a company and is intertwined with everything from product design to manufacture, financial control to sales.

Marketing is often confused with advertising and promotion. Once again, advertising and promotion are very specific marketing functions and fall within the "communications plan" for a product or service. The communications plan is part of the marketing plan and tends to be the most visible sign of marketing because it often involves placing product communications in different forms of media or in distribution outlets. Again, marketing is a much broader concept than this, involving the entire company and its operations.

The pure application of marketing is to select a business area, evaluate and appraise the area for an unsatisfied need or want, determine what will gratify that need or want, develop a product or service that will profitably satisfy that need at a price, and develop appropriate promotion and distribution to create awareness and deliver it to the market.

More realistically, a product or service concept already exists. Marketing then determines the appropriate application of that concept in a marketplace, identifying

suitable packaging to appeal to the marketplace and establishing the distribution channels, pricing structure, and promotional activities to successfully penetrate the market.

What is Marketing Planning?

Marketing plans should be used in product oriented as well as service oriented companies. A separate plan should be devised for each distinctive product category.

A marketing plan is not simply an index of advertising or other promotional activities. A good marketing plan should begin with an evaluation of the entire potential of the market for each product/service category and include an analysis of consumer behaviour, the competition and their offerings, and the strengths and weaknesses of the company as a competitor. It should also outline the positioning of your product or service within the market, based on product attributes, features and their related benefits. Planned sales and promotional activity also need to be addressed. In addition, consider the potential competitor and consumer reactions to your activities in the marketplace. Sales and profit forecasts for each product category should be developed to give an overall picture of the money to be spent and the profits to be gained. Finally the plan should make a prediction at least 3 to 5 years ahead as to the future directions for each product category.

Marketing Strategy Development Procedure

1. Market Analysis
2. The Marketing Environment
3. Consumer Analysis
4. Current Situation Analysis
5. Competitor Analysis
6. Marketing Objectives
7. Marketing Strategy.
8. Sustainable Competitive Advantage
9. Product/Brand Positioning
10. The Marketing Mix.

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1. Market Analysis

The first questions that a company must ask itself about its business are “Who is the market?” and “What business are we in?” This is an attempt to evaluate the entire market potential and should be reviewed for each individual product category. This initial stage does not target any individual market segment but reviews the market as a whole.

Market Size

Questions that need to be answered are:

- “What is the current market size?” or “How large is the potential market?” This should be estimated in the relevant terms for the industry e.g., dollars, litres, kg’s, units, etc.
- “Is the market growing, stable, or declining?” Where is the market heading and how will this affect the products in the market?
- How many prospects are potential customers of the product?
- How many companies are currently competing in the market?

Answers to these questions can be sourced in many ways with direct (primary) research being the most accurate. However primary research is expensive and thus not always appropriate, while sources of secondary research such as trade publications, census statistics, published surveys and the Internet are a very good way to discover information about the size of a market.

Industry Trends

Significant industry trends that affect the purchasing habits of customers and consumers should be noted and monitored. This could incorporate alterations to pack sizes, types of variants, and services included with the product, promotional methods, technological changes and the like.

Market Segmentation

Market segmentation refers to the ability to categorise different groups of consumers in a market, due to their particular buying behaviour. Almost all markets have some major distinctive segments. By focusing on particular segments of a market small companies can effectively compete in large markets.

Segmentation can come about in many ways. Often several types of segmentation are utilised. Almost all markets can be categorised by price and quality points. However, price and quality issues do not form the most clear and precise definition of segmentation within a marketplace, because this is not useful for categorising consumers. Reasons for strong segmentation are most often found through an examination of product use and the **benefits** consumers derive from product use.

Categorising consumers based on the following leads to the identification of market segments:

- Demographic – Measurable statistics such as age, income, occupation
- Psychographic – Lifestyle preferences, attitudes, behavioural characteristics

- Use Based – Frequency, rapidity, quantity used of a product
- Geographic – Location of home, business, individual
- Benefits sought – Specific outcomes derived from the product such as luxury comfort, value etc.

Different elements may be combined to form the segment (e.g. women aged 25 to 35 who shop four to five times per month and purchase the product for its luxurious qualities.) It is important to note that segments may change over time. The way the market was segmented three years ago may not be the way the market is segmented today.

Target Market

Once the market is segmented, a company should determine which of these it can best serve with its product/service offering. Any marketing effort is more likely to be successful if focussed and tailored to the most appropriate segment of the market. The company can then concentrate on satisfying the needs of this segment in the design and delivery of the product as a total package.

It is almost impossible for one product or service to successfully compete in all segments of the market. Choosing a target market helps to reduce the number of direct competitors because the product it is not competing in the market as a whole but only in the one segment. Thus, choosing a target market for the product (or recognising the segment within which the product competes) becomes extremely important. Indeed, this is the primary aim of segmenting the market.

2. The Marketing Environment

Any trends that affect the entire society and the way the product or service is marketed are part of the marketing environment. These issues effect the way in which the market will perceive your product. They include:

Social/ Cultural Trends

eg increasing numbers of women in the workforce, increasing hours of work, decreasing leisure time etc.

Economic Trends

eg Increasing interest rates leading to increased mortgage costs and decreasing disposable income.

Demographic Trends

eg Major trends including increasing average age of residents, movement of baby boomers, number of births etc.

Political/Legal/Institutional Trends

eg Increasing regulation of business, restrictive trade practices, public interest groups.

Ecological Trends

eg Raw materials supply, cost of energy, levels of pollution.

Technological Trends

eg Accelerating pace of technological change, causing changes in distribution (e.g. Internet), creation of new products, competitors gaining an edge through patents etc. Not all trends will be important to all businesses but you must be careful to identify and consider those that do affect your product in your market.

3. Consumer Analysis

Note that there are two types of individuals that may be involved in the purchase of your product. These are customers and consumers. For the purposes of this document we will consider the customer as a person or entity (such as a wholesaler, retailer, or distributor) who buys your product but does not actually use it. They may on-sell it to consumers or may simply be purchasing the product/service on behalf of another entity. The consumer is the person or entity who actually puts your product to use. Both customers and consumers will have very different buying characteristics and motivations and both types of market will be segmental in their own right. (Of course there are numerous occasions where the customer is the consumer of the purchased product/service.)

This section will look at consumers only. Customers will need a similar approach.

Close evaluation of typical consumers in the market segments being targeted is paramount to good marketing practice. In effect you must know the buying behaviour of your consumers better than they themselves would know their own behaviour. There are countless possible behaviour patterns to consider. Try to focus on the patterns that are most likely to determine the viability of the product in the market place. Questions that should be answered are:

- What type of product features most appeal to these consumers?
- What are the **benefits** that these features provide to the consumer?
- How important are these features?
- How are choices made between competing products?
- How much disposable income do the target consumers have to spend on this product?
- How do these consumers reach decisions to purchase a particular product?
- How important is the brand in the buying decision?
- Which promotional mediums does the consumer most often view?
- What activities are these consumers most likely to engage in during their leisure time?

Importantly, what you think motivates your consumer to purchase and what actually motivates them to purchase may be very different. Thus, it is **important to gain information from the consumer** and from objective observations on how the consumer behaves.

4. Current Situation Analysis

This is an analysis of your current position and growth level – the “where are we now?” If you don’t know where you are it is impossible to know how to get where you want to be. A good method for analysing your current situation is a SWOT analysis (strengths, weakness, opportunities and threats) of the product and the company as a whole.

Strengths

What does the company/product do better than (or at least equivalent to) the competition? (e.g. specific product attribute, perceived brand value, customer service provided etc.)

If you do not have any entries in this section then your product/service is likely to need major changes.

Weaknesses

What does the company/product do that is not as good as the competition? Thought then needs to be given to if and how this should be compensated for or overcome.

Opportunities

What area of the market could you enter (albeit with some modifications to the product or company)? (e.g. increase pack size, additional service, new packaging, move into other markets etc.)

Threats

What actions could threaten the product or standing in the market (e.g. new competitor entry, major product failure, reduced promotional budget etc.)

5. Competitor Analysis

If your marketing plans focus on efforts to take market-share from your competitors, then you need to be prepared for their reaction. For example, if you introduce a new product or service with great fanfare at a lower price than offered by competitors, a price war may commence. This may culminate in the elimination of all but the strongest, most competitive, and best-financed firms. To avoid a competitive reaction that might backfire on you, **don't compete on price**. Instead, try targeting a small niche within the market place that is not directly targeted by your competition.

Try to think like the competition before implementing any marketing strategies. How would you react if you were an existing firm and a competitor came out with a new, improved, or lower-priced product that had the potential to chip away at your consumer base and, ultimately, your profitability? Decide whether or not it would be beneficial to the success of the business to alter the product, pricing, or unique selling proposition.

Completing a SWOT analysis on each of your competitors is an advisable step to forming the marketing strategy.

6. Marketing Objectives

Stating the objectives before beginning the strategy will guide the type of strategy that you formulate. Marketing objectives must be specific, measurable, realistic, and have a timeframe. Marketing objectives are not simply sales objectives. They must describe the market share objectives for each product and the segments within which each product will achieve this market share. The more specific they are, the better they can be utilised for measuring your progress. For example: Increase market share in the consumer hand held mixer market from 10% to 15% through the launch of a new product and consolidation of the existing product.

7. Marketing Strategy

Once you have a clear idea of the market that you are in, the competitors in that market, the segments within the market, a thorough analysis of the current situation, a true understanding of consumers and a set of realistic objectives, a strategy can be devised. This becomes the plan for achieving the objectives.

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Selecting Strategic Alternatives

There are many different types of strategy that can be used in each market, and for different product categories. Whether to invest time and resources and where to invest them are key decisions to be made.

Strategies for Growth

Growth in Existing Product Markets

Involves increasing existing product sales in the existing market. A company could:

- Increase market share through continuing promotional and sales support.
- Increase product usage e.g.:
- Increasing the frequency of usage
- Increasing the quantity used
- Developing a new application for current users.

Product Development

Providing new or modified products for the existing market. This could be achieved by:

- Adding product features or making product refinements
- Expanding the product line
- Updating the product to provide a new model
- Develop new products for the same market.

Market Development

Using the existing product and developing its use in new markets. For example:

- Target new segments of the market
- Expand geographically.

Non Growth Strategies

Withdraw

A decision to withdraw from a market could be made for many reasons including:

- Insufficient resources to compete
- Company resources spread too thinly and to be focussed in other areas (or on other product categories)
- The competition in the market is too intense meaning restricting the company from gaining reasonable volumes and market share
- Price competition in the market is too intense resulting in little to no profit being made on the product.

Milk

A milking strategy is designed to gain the greatest profit out of a product line with the least investment possible. Thus, the resources spent on the product category will be the minimum needed to maintain the current status. The greatest profit margin will be drawn from the brand with minimum price activity. Company focus will be in other areas. Milking strategies are particularly appropriate for well-established products with little growth prospects. They provide a steady cash flow for the organisation.

Hold

When the cost of achieving growth is considered too high it is often appropriate to invest only to hold the current market share. This strategy aims to keep existing consumers loyal

to your product and not concentrate on gaining new customers.

8. Sustainable Competitive Advantage

A sustainable competitive advantage (SCA) is a means of competing using the products and company assets that provide a leverage or edge that is difficult for competitors to copy and is seen as advantageous by consumers. A SCA is a key to successfully competing in any market. Characteristics of successful SCAs are:

- ◆ They are substantial enough to make a difference in the market
- ◆ Are sustainable with regard to environmental changes
- ◆ Are difficult for competitors to replicate
- ◆ Are leveraged into visible attributes that influence consumer decisions
- ◆ Means by which to gain a sustainable competitive advantage include differentiation, low cost, concentrated, or niche.

Differentiation

Differentiation refers to making the product novel through a feature or benefit that is relevant to the market or market segment. A thorough analysis of the competitors and your product advantages is required. The following are some examples of the means by which differentiation can occur. Several of these strategies could be used at once:

- ◆ Product quality
- ◆ Service quality
- ◆ Brand name
- ◆ Product features
- ◆ Technical superiority
- ◆ Distribution channels
- ◆ Breadth of product line.

Many more strategies are possible using differentiation. The options are limited only by what the customer perceives to be different and the importance placed on the points of difference.

Low Cost Strategy

A low cost strategy relies on the ability to have the lowest cost in the industry at all times and therefore allow the lowest price to be offered to customers. Anyone employing a low cost and low price strategy must have the ability to match and beat its competitors should a price war eventuate. Methods of achieving a low cost strategy:

- No-frills product
- Product design
- Raw material source
- Low- cost distribution
- Labour cost advantage
- Location advantage
- Automation advantage
- Reduced overheads
- Experience in producing the product.

A point to note about a low cost strategy is that a low cost culture must exist in the organisation. Everything that is done in the organisation must exist around this one premise. Note that all companies will try to reduce their costs but this does not mean that they are employing a low cost strategy. **A low cost strategy is extremely difficult to sustain long-term.**

Concentrated

The concentrated thrust focuses on one part of the market or one product line only. Focusing on one area allows the company to become experts in that area (generally a small segment of the market) and therefore gain a competitive advantage over generally much larger competitors. Methods of concentration:

- Focusing on a product line
- Targeting a segment
- Geographic area
- Focusing against low share competitors.

Niche

Niche strategies focus on one particular, generally small, segment of the market. The segment is generally too small or difficult for major competitors to enter and hence the niche competitor is left to hold the segment substantially alone. Niche strategies require that customers see a significant difference in the competitor and see real value in the position that the competitor owns in the market.

9. Product/Brand Positioning

Out of the strategy should come a unique positioning for the product. There should be a clearly developed product/brand positioning within the market. Positioning is the way in which consumers perceive the product/service with respect to the rest of the market, and is a valid form of competitive advantage. It should be noted that product positioning could take years to create in a market, is difficult to change and is often the factor that most determines the success of the product.

Once a position is decided it requires uniformity over a long period of time to reinforce the message to the target market. There must be consistency in the positioning through all elements of the marketing mix. Positioning can be based around such factors as:

- A product attribute
- A consumer benefit
- A use or application of the product
- A product class
- The place of origin
- The type of consumer
- Competitive position in the market.

10. The Marketing Mix

Once a strategy for competing has been formulated it must be developed through the elements of the marketing mix. The crux of any marketing strategy involves 4 elements known as the marketing mix (or the 4 Ps). They are product, price, promotion and place (also known as distribution). These elements are the core ingredients to satisfying consumer needs and wants. All four elements come together to provide the offering to the consumer.

Product

Key product features and their appropriate benefits are paramount. Take into account the buying behaviour of the target market, competitive products and their features and benefits. Also consider the product range with possible line extensions or range rationalisation. What brand should be adopted for the product and what will this mean to the consumer? Packaging is a consideration as it communicates what your product is to the consumer. Service and back up service all form part of the product offering. Thus, key decisions about the product include:

- Features
- Range
- Branding
- Packaging
- Additional accessories.

For service-oriented products all of the aspects of presentation of the people providing the service are important parts of the offering. This includes anything that is visible (and important) to the customer, (eg does the customer expect (and product positioning determine) that you be dressed in formal business attire or should you be in branded sports shirts? If the customer sees your offices, what messages do they convey and are they messages that are complimentary to your product positioning?)

Price

The price must correspond with the product positioning and also consider what pricing position you want to hold in the market. How important is price to the target market?

In most markets price is an indicator of quality -the higher the price the higher the perceived quality. It is tempting to fall into the trap of using a cost-based pricing system. In reality the price of your product should be "what the market will bear". It is also tempting to fall into the trap of trying to offer "a high quality product at a price that everyone can afford". In most cases this is again flawed because your product will not be perceived as a high quality product due alone to the price that it bears. In effect the price of the product will override the benefits of the product. It is wrong to assume that offering people a better price gives them better value for money. **Value for money is a perception of the price compared to the benefits derived from the product.** In most markets and to most people the price is far less important than the benefits that they will receive from the product.

All types of pricing decisions should be considered and planned, including:

- Standard price
- Price specials
- Discounts to trade and distributors
- Payment terms
- Payment methods.

Promotion

The promotional element in the marketing mix determines how you communicate with customers and what promotional tools or tactics are used to achieve the marketing objectives. Again knowing the buying behaviour of the target market is very important. What media do they view, how frequently and what is their reason for using it?

The promotional mix must comply with the product positioning, and in fact it should **not contradict in any way** the prescribed positioning.

Promotional activities may include:

- Advertising
- Sales promotions
- Publicity
- Personal selling
- Events
- Sponsorships
- Promotional materials such as brochures or gifts
- Direct selling
- The Internet.

Communication Plan

Developing a communications plan is an important part of deciding on the promotional elements that should be used. Most often a combination of elements will be involved. Keeping the target market and the strategy for the product in mind are the keys to developing a good plan. If the objective is to enter new markets then this will produce a different plan to one aimed at increasing market share by getting current consumers to purchase more. The former strategy will produce a plan that concentrates on finding new customers and could therefore involve broader advertising and cold call selling, whereas the latter strategy could produce a plan that involves more intensive selling to existing customers with volume-related sales promotions. Developing a communications plan is a skill in itself and is likely to require experts in the field of marketing, together with specific advertising and promotions experts.

Distribution

In most industries the distribution channels tend to be fairly well established. This does not mean that this part of the marketing mix should not be reviewed. In fact changes to the distribution channel or changes to the way in which you sell to the channel can provide great opportunities.

Questions you should address include:

- How and where will the product be placed so that consumers have access to it and how will the sale be made?
- Will you be using wholesalers, distributors, retailers or going direct to the consumer?
- Are a combination of distribution points appropriate and if so how will you balance the flow of product, discounts given, and territories covered by each distribution point?

In effect the distribution points are also your customers and require as much consideration regarding buying habits as you give end users. Specific communication campaigns can address the distribution channel and have as great or greater success as those that address the consumer. This therefore suggests that a strategy for dealing with the distribution points needs to be developed and enacted in the same way that a strategy is developed for consumers.

Putting It All Together

Once you have determined the initial strategy you may find that new issues arise in previous steps of the process. These should be worked and reworked into the entire marketing strategy. If there are key elements of the process that are missing then it is very likely that the strategy devised will be flawed. Working through the whole process (if necessary with the help of marketing professionals) is important to getting the strategy right. A good marketing strategy, correctly implemented, will give your company the edge over the competition and help guarantee business success.