



# Planning— Step by Step

mentioned earlier that you should think of your marketing communications as a continuous research experiment with the objective of achieving the highest return on investment. One good way to do this is to use the 12-Step Marketing Planning Process presented in this chapter.

But we need to start with the big picture—aligning your marketing with your business.

## Define a Realistic Business Communications Objective

Most businesspeople either underestimate or overestimate the benefit of marketing communications. A rare few have a realistic set of expectations for their specific situation. Most people's expectations of marketing are based on early career experience.

All three points of view have a basis in reality. In many business categories, the same bell curve applies. (See Figure 3-1.)

A minority of ad campaigns are the best at generating sales results. They outsell the worst campaigns by up to 600 percent! This is equivalent to the difference between the top of a 110-story building and a pit in the ground 20 stories deep. A minority of ad campaigns are the worst in sales results. They can drive sales down as much as 50 percent every time they run. They live

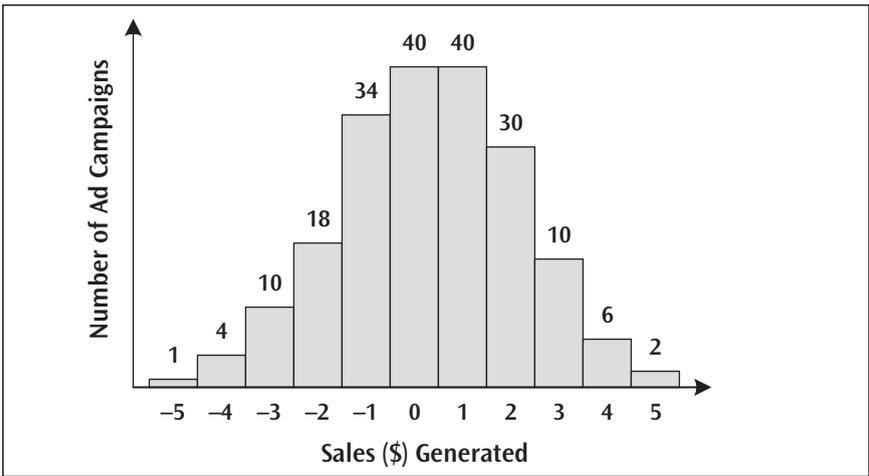


Figure 3-1. Advertising sales results bell curve

at the bottom of the pit. The vast majority of ad campaigns are somewhere in the middle, neither increasing nor decreasing sales significantly. This classic bell-curve distribution of results is why some managers believe advertising doesn't work, some believe it can save the company, and some believe something in between those extremes.

Your business communications objective is to move the results of your brand communications from your current spot on the curve toward the far right end of the curve. Eventually you want your brand to have that competitive advantage of a 600 percent return on advertising. The first step is to reasonably set your expectations and goals should be adjusted to your specific situation. Use the checklist on the next page to set your communications expectations.

## When to Advertise: The Best of Times, the Worst of Times

Timing can have a strong effect on the results of your marketing communications. It is tempting to advertise during sales slumps and off-season in order to make your budget numbers. But to get the highest return on your investment, advertise when your customers are considering a purchase or making a purchase. In some industries, 80 percent of sales occur within less than 10 percent of the year.

## MARKETING EXPECTATIONS CHECKLIST



### TOOLS

What expectations would be reasonable for your particular situation? Pick a marketing communications opportunity, run it through this checklist, and invest accordingly.

For items marked “1-2,” award yourself one point for each true answer or an extra point if your answer has been verified by market research. For other items, follow the instructions.

- 1-2: Overall, the number of customers and the dollar volume of sales are increasing in your business category every year.
- 1-2: Your product has a clear, easy-to-understand benefit and a simple story.
- 1-2: Your product benefit is essential to survival. People can't do without it.
- 1-2: People enjoy thinking about your category and subject area.
- 1-10: Your brand name is well known by people in the target market. (Score 1 point for every 10 percent of your targets who can recall your brand name unaided; e.g., if 90 percent, score 9 points.)
- 1-10: Your target prospects have the right attitude toward your product. (Score 1 point for every 10 percent of your targets who have the right attitude; e.g., if 80 percent, score 8 points.)
- 1-10: Your target prospects have tried your product and would recommend it to their friends or would buy it again. (Score one point for every 10 percent of your targets who have tried and liked it; e.g. if 50 percent, score 5 points.)
- 1-2: Your product has a genuine positive difference from competitors that people care about.
- 10: Your product has no significant competitors (or none that are advertising or well known). (Score 10 points.)
- 1-2: Your product difference will be hard for your competitors to duplicate (i.e., you have a head start).
- 0-20: Rate your market share or distribution. (Score 2 points for every 10 percent of your share; e.g., if 40 percent, score 8 points.)
- 0-25: Rate your media spending. (If you are #1, 25 points. If #2, 20 points. If #3, 15 points. If #4, 10 points. If #5, 5 points. If #6 or lower, 0 points.)
- 1-2: You are advertising at the beginning of the peak buying season
- 1-2: Your target market is concentrated and easy to reach via media (one region, one town, one neighborhood, one trade association, one advertising medium).

- \_\_\_ I-2: Your target market prospects can easily afford your product.
- \_\_\_ I-2: Your product costs 10 percent to 30 percent less than the nearest competitor.
- \_\_\_ I-2: Your product is important or interesting to the target market.
- \_\_\_ I-2: Your brand or company or category already has a good reputation with customers.
- \_\_\_ I-2: You are introducing a genuinely new and improved product or technology.
- \_\_\_ I-2: Your product name is memorable, with positive emotional associations.
- \_\_\_ I-2: Your company has a history of investing in successful marketing communications campaigns.
- \_\_\_ I-2: Your marketing communications will be reviewed and approved by no more than two layers of management and no more than five people.
- \_\_\_ I-2: Your company culture encourages being innovative and creative, taking risks, and standing out over playing it safe and appearing "professional."

**Marketing Expectations Checklist—Scoring**

Total your points.

0-38: Lower your expectations. Think twice. You are fighting an uphill battle.

39-79: Expectations of success are reasonable. Proceed with caution.

80-117: Raise your expectations. You have a great shot at success.

**Great Times to Advertise**

- Just before your peak buying season
- During your peak buying season
- During a recession
- For a relevant holiday (e.g., candy before Valentine's Day and Easter, barbeque grills before July 4)
- When your customer comes into money (e.g., payday, IRS refund check, end of fiscal year)
- When your customer has a life-changing event (e.g., move, new baby, retirement, first job, kids graduate, marriage)
- At a trade show
- At an enthusiast group meeting (e.g., sell muskets at a convention of Civil War re-enactors)
- When a prospect asks for information

- When a customer purchases your product (cross-sell your other products)
- When a prospect begins thinking about a future purchase (before your peak season)
- When your competitors don't have a competitive product
- When weather triggers sales (e.g., windshield wipers during the rainy season, swimsuits during the first warm summer days)
- When people are bored or waiting around
- When a competitor stumbles, goes out of business, gets bought out, raises its prices or fees, changes its name, or pulls out of the area
- When your customer can't afford to have a problem that your product prevents (e.g., machine lubricants during peak manufacturing times)
- When there is extensive news coverage about a problem your product prevents or reduces (e.g., insecticide during a weevil infestation, safe investments during a Wall Street meltdown)

### Bad Times to Advertise

- When there is a problem with your product or service
- When demand slumps (off-season)
- When a competitor is significantly outspending you in media (you're more likely to get drowned out)
- When your customers have fewer dollars to spend
- When you are pulling back on products, services, locations, employment
- When customers are not naturally thinking about your product area (e.g., snowshoes in the summer)
- When you are getting a lot of negative publicity that calls into question the honesty of your message or company or makes your promise seem false.



#### Use Web Traffic to Spot Peak Advertising Opportunities

To the surprise of the prom dress industry, information supplied by data-mining research firms showed that high school girls were doing extensive online searching on prom dresses and related topics in certain winter months—long before the traditional spring/summer prom season.

Savvy marketers keep a finger on the pulse of the marketplace and an eye on their competitors, and they advertise at the best time.

## What to Advertise: Lead with Your Strong Suit

It is tempting to advertise products that aren't selling as well as hoped. This is a mistake. Advertising will only accelerate the demise of your worst products. Instead, focus ad dollars on winners. This will give you the highest return on your marketing investment. You want to put out the sweetest honey to attract the most bees. There are three kinds of product honey to feature in your advertising:

1. **Your best sellers:** By definition, your best sellers have the strongest appeal for the most people. Advertise and promote your best sellers, and then offer your buyers a chance to purchase other products or services. You can even promote your weaker selling products or services on coupons that you give customers who purchase your best seller(s). But don't lead with your weak seller, fewer people will be interested enough to notice or to act.
2. **Your top-of-the-line dream product.** Even if few people actually buy it, it is possible that many more people will be attracted to it. Your best and perhaps most expensive product or service represents the most compelling dream that people carry in the back of their heads in your market category. The fairy dust of your best offerings rubs off on your other offerings giving them added value and extra cachet. Once again, the best product pulls them in, and then you should make it

easy for them to buy your more affordable products. There is an unspoken assumption in advertising that advertisers always put their best foot forward. If you feature a more mediocre variant of your prod-

**SMART**



**MANAGING**

### **DON'T PUSH YOUR LOSERS**

For better advertising results, feature your best-sellers, your top-of-the-line dream products, or a promotional offer.

Don't flaunt your losers.

uct, you will decrease the selling power of your ads. You will pull fewer people through the door.

3. **A promotional offer.** If you choose to offer a sale, a discount, or a gift with your product or service as an incentive to act now, you are gen-

erally better off featuring the promotional offer over what the consumer will be buying, both visually and in the headline. Once again, the promotional offer entices customers to consider purchasing your other products.

## Integrate All Your Products, Services, and Communications

We innately distrust inconsistent chameleons who tell us whatever we want to hear, and we don't like people who say one thing and do another. And yet companies and brands commit this sin all the time. The advertising promises one thing, and the product or services deliver another. Examples are all around us:

- The product provides a caring benefit, but the toll-free customer service number has a surly operator who is anything but helpful and polite.
- The food looks great in the menu and lousy on the plate.
- The corporate vision is to preserve capital for investors, but the news reports that greedy managers lined their own pockets.
- The celebrity spokesperson is hip and trendy, but the package design is dated.
- The brand promise is “personal,” but the company name sounds “corporate.”
- One division of the company sells baby formula to mothers, and the other sells weapons to developing nations.

### DON'T SEND MIXED MESSAGES

Every experience your customers have with your brand—the company, the people, the products or services, the news coverage—sends a message about you. Make sure you don't compete with yourself. Make sure every experience supports your central promise as a company.

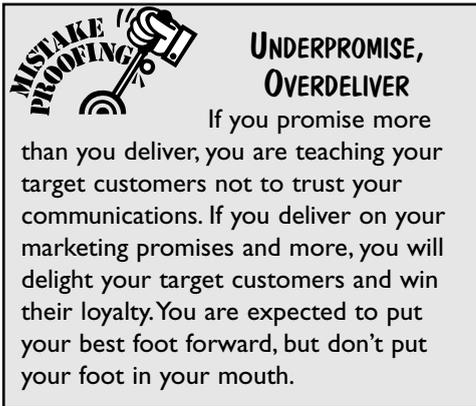
This promise is your positioning. To deliver on a positioning, every single aspect of the company must be integrated, working together toward a single powerful promise.

And make sure the personality of your company remains consistent as well. No one likes doing business with a split personality.



- This year's ad campaign is on another planet from last year's campaign.
- The logo on this ad is different from the logo on the Web site.

To a prospective customer, every experience with your company is a message. These messages can all add up to a single powerful message or promise—or they can undercut each other and create confusion.



The same thing is true of your marketing communications. Make sure your brand promise, brand personality, message strategy, and campaign idea are integrated across all media. The cumulative effect of this repetition in

different media is greater than the sum of its parts. When customers keep getting the same consistent message about your brand, they notice it more and they believe it more.

The most powerful advertising campaigns are driven by a central idea, the “big idea.” A big idea consists of variations on a theme. The variations are usually different executions or examples that support the same conclusion. The theme helps hold it all together, so that you build long-term equity for your brand in the consumers' minds every time you run any of your ads.

The most powerful brands are integrated in all aspects: company mission, vision, values, culture, positioning, branding, messaging, and advertising. Hard to do, but well worth the effort.

## **Results: You Can't Manage What You Can't Measure**

Remember the statement by John Wannamaker, quoted in Chapter 1: “Half the money I spend on advertising is wasted; the trouble is, I don't know which half.”

That statement is still true today for most marketers, unfortunately. Fortunately, it doesn't *have* to be true.

Thanks to gigantic leaps in data generation, collection, and processing, and to improvements in mathematical and research techniques, it is now possible to use research to get an accurate picture of most stages of the marketing process, including contributions to the bottom line. Thanks to recent developments in massive database crunching, it is also possible to make behavioral projections with greater accuracy.

The capacity to measure the effect of advertising variables on sales has actually been available since the invention of the *split-run copy test* in direct mail (described in Chapter 2). An ad in a newspaper or in a magazine is printed in two or more slightly different versions, each coded with a different return address (e.g., Box 40, Box 41, Box 42) or a different phone number. Doing this at a sufficient scale (reaching a certain number of people) cancels out the effect of other variables, and you know which version of the ad pulled the most results, which variable was most effective. With new mathematical models, it's possible to test recipes (multiple variables) at the same time.

Amazingly, the vast majority of businesses do very little rigorous market research. They make decisions about price, location, product design, packaging, service, brand strategy, message strategy, and advertising based on history or gut feel, not any objectively measured reality. They could significantly reduce the risk of their marketing investment by testing the waters before they take a plunge. After all, you can't manage what you can't measure.

We'll talk in more detail about market research in Chapter 15. In the meantime, be the smart marketer who uses research to stay in touch with reality.

**Split-run testing** A marketing technique for comparing two or more variables—versions of an

ad, different offers, or separate lists—to determine which is more or most effective. In a split test, two or more versions of an ad are printed, two or more offers are made, or two or more lists are used for the same market target group, each with a call for action. The results for each variation are tabulated and then compared.



**KEY TERM**

## 12-Step Marketing Planning Process

At the beginning of Chapter 2, we noted that many marketers are reactive. They jump straight to tactics (“Let’s run an ad!”) as a reaction to a sales decline or a competitor’s move. Or they react to last year’s sales in designing this year’s budget. Or they react to a change in staff by throwing everything out and starting anew.

We also noted that approaching marketing as a continuous measured experiment is a better way to go. The 12-Step Marketing Planning Process outlined below (and shown in Figure 3-2) is a proven method of conducting this continuous experiment. Each step is built on the previous step. Each decision can be informed by market research.

Use this process rigorously every year and you can significantly improve your chances of a successful outcome. Human behavior and competitive behavior are far too complex and ever changing to offer a guarantee of success, but using this process can improve your odds.

We’ll sketch out the process briefly here. It helps to assemble a summary of all the information and decisions into a single marketing document.

### 1. Review Brand, Target Market, Product, and Competitors

A savvy general doesn’t begin a campaign until he has studied the lay of the land, the weather, and the size and strength of his own forces and of his enemy. In the same way, a savvy marketer assesses the state of his or her brand, target market, product, and competitors. A partial list of factors to look at includes:

- company strengths and weaknesses
- product strengths and weaknesses
- competitive strengths and weaknesses
- pricing
- distribution
- customer trends (fears, desires, behaviors)
- industry and technology trends
- environmental trends (culture, politics, society)
- media spending by competitors
- target market awareness, attitude, trial, and repeat purchase behaviors.

Data can come from various sources:

- secondary sources like published studies, government reports, books, and news sources
- business financial metrics
- primary research sources like quantitative and qualitative testing, trend reports, and database mining

It's important to look beyond your customer base and even your industry at this stage, to avoid missing huge new opportunities and to avoid being caught unaware and unprepared by changes in technology, society, or business models (e.g., consider Walmart, which left Sears in the dust).

## **2. Identify Problems and Opportunities**

Once the information is collected, a picture begins to form of where challenges and opportunities are today and where they are likely to be in the near future. Often, the 80/20 Rule (Pareto's Law) applies. Twenty percent of the situations you identify will account for 80 percent of the profit opportunities, and another 20 percent will account for 80 percent of the problems you face. The heart of the matter is to identify your greatest strength relative to your competitors in terms of meeting the most important desires of your most important target market. In general, you are better off with strategies that focus on your strengths and take advantage of your opportunities than with strategies that attempt to negate your weaknesses or minimize problems.

## **3. Set Sales Goals**

Based on your assessment of problems and opportunities, you can take a reasonable and realistic stab at setting measurable sales goals. The goal here is to be realistic, based on the data—neither too optimistic nor too pessimistic. You break out sales goals by what is being sold, by market segment, or by region.

## **4. Set Target Market Goals**

Sales result from changes in target market perceptions and behaviors. For example, you may discover that your chief issue with marketing home equity credit lines to homeowners earning over \$100,000 a year is their awareness of your brand name. You may decide to set a goal of increasing unaided awareness (that is, how many mention your name as

a supplier of home equity credit lines without any prompting) from 23 percent to 26 percent within 12 months. Or you may discover you have adequate name awareness, but you need to increase the percentage of the people in your target market who believe your credit line is “the most affordable.” Or the attitude may be just fine, but you need to increase first-time applicants for the credit line from 3 percent to 5 percent. Make sure these goals tie back realistically to your sales goals.

## 5. Determine Positioning and Branding Strategies

Your *positioning* is the place you occupy in the minds of the target market. Are you the friendly one, the safe one, the advanced one? A positioning statement answers three questions:

- Who is your target market?
- What do you do for your target customers?
- How are you different from your competitors?

Every facet of your business should support your positioning, from personnel to product design to advertising. Your positioning should rarely change over time, because once you stand for something, it is risky to try to stand for something else: people are very resistant to changing their perceptions. Research such as *perceptual mapping* can quantify your greatest area of competitive strength in the consumers' minds.



### KEY TERM

**Perceptual mapping** A technique used by marketers to represent visually the perceptions of customers or potential customers. A perceptual map typically displays the position of a company or its products, services, or brand relative to the positions of its competitors.

A perceptual map usually represents two dimensions by means of two axes crossing and forming four quadrants. For example, a marketer could map a brand in terms of perceived value (from low to high) and perceived price (from low to high).

Your *branding* is your brand character or brand personality. Here, you think of your company as if it were a person you were describing to someone. What personality characteristics does your company, brand, or culture have that make it different from your competitors? Are you fun and friendly? Or serious and safe? Or committed and dedicated? You can't be all things to all people. For some

products, the chief difference to customers *is* the brand personality. Your personality should permeate all aspects of the customer experience.

## 6. Set Communication Goals

What measurable objectives will your marketing communications achieve? Reach 80 percent of your target market with the message six times within one month? Increase name recall 20 percent? Trigger powerful emotional memories of great Southern-fried meals in 40 percent of the TV commercial viewers? Increase Web site visits by 10 percent within the next three weeks? What communications goals do you have to achieve in order to hit your sales goals?

## 7. Integrate Tactics

There are a remarkable number of marketing and marketing communications tactics. Here is a partial list:

- Product design
- Retail store design and location
- Pricing
- Distribution
- Signage
- Naming
- Public relations
- Cause marketing
- Online marketing
- Direct response (mail, magazine, newspaper, online, infomercials)
- Advertising media (TV, radio, billboards, newspaper, magazine)
- Graphic design and collateral (brochure, menu, point of sale, packaging, corporate identity)
- Co-branding

New media and new marketing disciplines are being added every day. The goal is to take the most appropriate tactics and integrate them into a single plan with just the right mix of investments.



**Guerrilla marketing** Use of unconventional approaches that require time, energy, and creativity rather than a big budget. The term was first used by Jay Conrad Levinson in *Guerrilla Marketing: Secrets for Making Big Profits from Your Small Business* (Houghton Mifflin, 1984).

**KEY TERM**

## **8. Develop Marketing Plan (Dollars and Schedule)**

Your plan should include a list of tactics, responsible parties, budgets, and timetables. Your marketing team may include people from disciplines and departments throughout your company, as well as a wide range of vendors.

## **9. Define Message Strategy**

Message strategy guides the people who create your ads and the people who buy your advertising media. It is a short, highly focused document, usually on one side of one sheet of paper, that identifies the most powerful emotional message you can convey. A message strategy is the point of one communication to one target market. You usually need many different message strategies for different situations (different products, promotions, targets, etc.) and one overall message strategy that comprises them all. Message strategies can be tested with your target market.

I recommend using the Pitchperfect™ Message Strategy, a process that has been proven with thousands of ads for hundreds of clients since 1993. (This is the subject of Chapter 8.) Pitchperfect™ answers the following questions with provocative insightful one-line answers:

1. Who are we talking to?
2. What is the point of the communication?
3. What is the key word in the point?
4. Why should the target care about the point?
5. Why should the target believe the point?
6. How should the target feel about the message or product?
7. What do you want the target to do?

If you think about it, if you don't know or haven't tested the answers to these seven questions, you have no basis for choosing creative options. You don't really know what you're doing.

## **10. Do Creative Development**

Once you have identified the most powerful message for a target market, you can begin the process of creating the advertising, publicity, or Web site. Rather than a series of individual ads (called "one-offs" in the trade), you want a series of ads unified around a theme or idea. You want an advertising campaign idea that is big enough to work across different media (billboards to radio to Web sites), big enough to work across top-

ics (products, services, recruitment, etc.), and big enough to work over time. This is referred to as a “big idea.”

It is not enough for your idea to be relevant. It must also be unexpected enough and engaging enough to break through the noisy clutter of competing ads. It is easy to create small ideas, relevant ideas, and unexpected ideas. But it is very hard to create a single idea that is also big, relevant, and unexpected.

Such ads are made for you by “creatives.” Creatives are the copywriters, art directors, graphic designers, web designers, PR writers, directors, actors, musicians, photographers, illustrators, and animators who invent the words, pictures, sounds, and music in your advertising. Some creatives are more skilled at coming up with ideas, and others are more skilled at executing or producing the ideas. A big, well-executed creative idea is worth its weight in gold.

<p><b>Creative</b> Any person involved in inventing the words, pictures, sounds, and music for advertising. Creatives include copywriters, art directors, graphic designers, web designers, PR writers, directors, actors, musicians, photographers, illustrators, and animators.</p>	
<p><b>KEY TERM</b></p>	

## 11. Decide on Media

While the creative team is coming up with the content of your advertising, your media team is identifying the best times and places and advertising media to reach your particular target market with that content. Media people think in terms of touchpoints—or ways in which you can reach your customers, ways for them to experience your brand.

Media is part art and part science. The media team members begin with data on where your customers are located, what they buy, what media they use, and when they use them.

They may look at market penetration and sales opportunities for different geographic areas and adjust the level of media (how much media) accordingly. They will set objectives of GRPs (gross rating

<p><b>Touchpoint</b> Any interaction that your target has with your brand. (Also known as touch point, contact point, point of contact.) Each touchpoint is an opportunity for a positive experience or a negative experience.</p>	
<p><b>KEY TERM</b></p>	

points), which are a function of reach (how many people are reached) times frequency (how often). (So, for example, if you can reach 100 people five times, that's a GRP of 500.) They determine the minimum threshold of contact necessary to be noticed at all, given the amount of advertising to which people are exposed. They determine which times offer the greatest opportunities to affect your customers' intent to purchase. They make judgments about whether to provide a continuous flow of contact, or to amp up contact in concentrated bursts, or to do a combination of both.



#### KEY TERMS

**Gross rating point** A standard measure of potential advertising impact. It is calculated by multiplying the percent of the target market reached (1 percent equals one point) by the exposure frequency. Media planners use GRPs in developing a media schedule, usually to get the most points at the least cost.

**Make-good** Compensation for an ad that is not run according to your contract with the newspaper, magazine, direct mail list vendor, or radio or TV station. It is generally either a free run of your ad or a discounted rate for the next ad you run.

They price out the media options, consider different mixtures of media (the *media mix*), and make spending recommendations. Usually, most of your advertising dollars go toward media costs. They negotiate the best prices or the best benefits for you (such as a free live radio event), place the media orders, double-check to make sure every ad ran as planned, and negotiate any make-goods.

Finally, the ads that the creatives have designed are produced and shipped to the various media—and your campaign is off and running.

## 12. Analyze Results

You have already established your measurable goals in the areas of sales, target market attitudes and behaviors, and communications. Now you collect the data on the results. You then use the data to make adjustments in how you will approach things next year, when you begin again at step one.

Congratulations! Instead of flying by the seat of your pants, you've just used the rigorous step-by-step process for planning your marketing. Instead of reacting, you're treating your marketing communications as an

ongoing experiment guided by measurable results. As a result, you can do a better job of managing. You've aligned your business and your marketing.

We'll look at each of these steps in more detail in later chapters. In the meantime, Figure 3-2 summarizes the steps covered in this chapter.



Figure 3-2. 12-Step Marketing Planning Process

## Manager's Checklist for Chapter 3

- ✓ Think of your marketing communications as a continuous research experiment with the objective of achieving the highest return on investment.
- ✓ Use the 12-Step Marketing Planning Process.
- ✓ Adjust your expectations to the unique realities of your situation.
- ✓ Businesspeople tend to either overestimate or underestimate the results to be expected from their advertising.

- ☑ Know that there are better times to advertise and worse times to advertise.
- ☑ Measure various dimensions of your advertising, including the effect on sales.