



# **Marketing Analysis and Market Planning**

## **Handout 4**

### **Examples of Marketing Plan Applied**

## Example of a Marketing Plan Applied

### Bill Jones Business

Smith's Chemicals is a small to medium-sized chemical company that produces and markets industrial anti-bacterial biocides. Major product lines are the responsibilities of product managers, who are required to plan for these lines so that Smith's financial objectives are attained.

Bill Jones is product manager of Smith's Tica-treat range. Tica-treat is a treatment for cooling water used on mines. The chemical on which the product is based is Trichloro Isocyanuric Acid (known as TICA). Smith's major goal for the product is to increase its market share and profitability in this market. As product manager, Bill is required to prepare a marketing plan for Tica-treat that will attain the established goals.

### MARKET SITUATION

#### Market

The water treatment market is currently worth R 20 000 000, has been relatively stable for some years and is expected to remain so. Offshoot markets have tended to raise their heads, e.g. Jacuzzi/spa treatments and factory water treatment.

#### Product

Bill Jones has used Excel to prepare his past product situation data. These figures are presented in the table below.

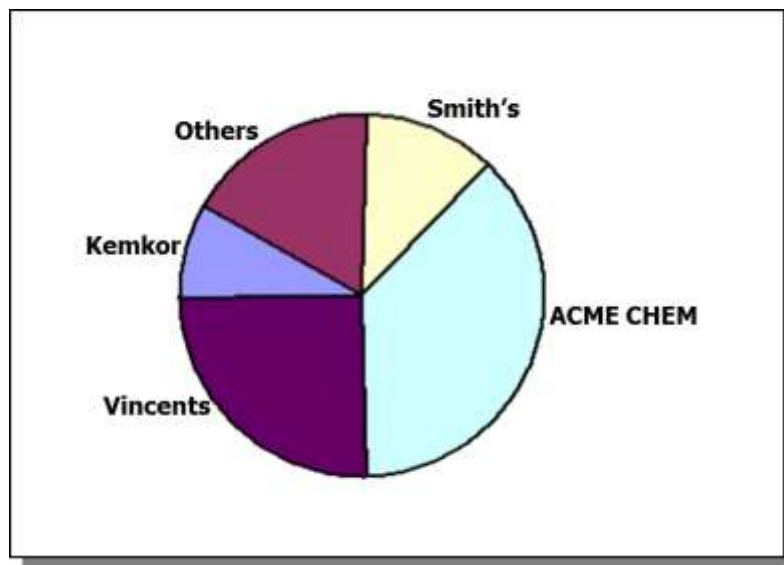
Past Product Situation Data-Tica-Treat

		Rows	1996	1997	1998
1			5 000 000	8 000 000	10 000 000
2			0,05	1,0	0,1
3			1	1,4	1,5
4			0,8	0,9	1,0
5		(3-4)	0,2	0,5	0,5
6		(1x2)	250 000	800 000	1 000 000
7		(3x6)	250 000	1 120 000	150 000
8		(5x6)	5 000	400 000	500 000
9			30 000	40 000	50 000
10		(8x9)	20 000	360 000	450 000
11			40 000	80 000	100 000
12			20 000	80 000	100 000
13			30 000	80 000	100 000
14		(10-11-12-13)	-70 000	120 000	150 000

## Competitive Situation

Part of Bill Jones's plan was a market share analysis of major competitors for Tica-treat, which used the graph presented in Figure.

Market Share Analysis: Major Competitors – Tica Treat



## Distribution Situation

Bill Jones mentioned in his plan that 'mines exert considerable buying power due to their relative size and strong financial backing. For this reason, distribution will require special attention.'

## SWOT ANALYSIS

It has been found that a planning team of between five and twelve managers can be used to complete a resource audit form. Each resource (and its critical dimensions) is rated according to whether the individual considers it to be a strength (low, medium or high), a weakness (low, medium or high) or a neutral point (neither a strength nor a weakness). When each member in the group has completed the individual ratings, an aggregate is found and the results made available to the planning team during a discussion session. What generally happens is that there is a wide range of views and different members of the planning team can then give and gain insight into the various organizational resources. Individuals are then again required to complete an audit form and the process is repeated. The insights gained during the discussions and re-evaluation of the resource profile eventually leads to conformity and congruence, as individuals begin to see an overall picture from each other's point of view. The resulting resource profile can be drawn as a plot along the means on the resource audit form, providing a snapshot of the resource situation in the organization.

### Tica's Strengths

Bill Jones has identified the following as Tica-treat's strengths:

- A high level of brand awareness
- Good relations with buyers (the mines)
- and the following as weaknesses:
- Low advertising expenditure means that brand awareness has not resulted in brand loyalty (the buyer is willing to switch brands with minimal persuasion)
- Poor packaging in comparison to competitors (outdated package design)
- No defined positioning for the brand.

Bill Jones has identified the following opportunities facing Tica-treat:

- Mines using local products, as they are cheaper than imported products, due to the weakness of the currency.

Changes in environmental legal requirements should increase the use of products such as Tica-treat and the following as threats.

- Possible loss of the Japanese Tica suppliers as a result of poor relations with Smith's.
- Major scientific advances by two American competitors.

## **OBJECTIVES**

Bill Jones, in conjunction with Smith's financial team, has formulated the following financial objectives for Tica-treat:

- An average return on investment for the next three years of 25%
- Net profits for 1998 of R 200 000
- A cash flow of R 1 000 000 for 1998.
- He has also formulated the following marketing objectives for Tica-treat:
- Attain sales of R 2 000 000 for 1998, an increase of 33% over 1997
- Expand customer brand awareness from 50% to 60% and top-of-mind awareness from 35% to 50% by the end of the year.
- Increase market share from 10% to 16% by end of 1998.
- All the above objectives will be the primary responsibility of Bill Jones
- Objectives should also be stated in order of importance and be reasonably challenging

## **SUMMARY OF MARKETING STRATEGY**

Marketing strategy consists of the selection of a target market, the choice of a competitive position and the development of an effective marketing mix to reach and serve customers. Bill Jones must

decide specifically how he will attain his financial and marketing objectives. For example, his increased sales objective may be attained by increasing advertising, decreasing his prices or pushing more salespeople into the field.

It is suggested that the strategy statement be presented in list form to cover major marketing areas and tools.

Web site to feature an easy –to-use product specification tool whereby after the customer enters his or her information, he or she can identify the product in our range with the right specification to solve the problem.

Research and development: increase expenditure by 20% to allow for conclusive research to be performed by the newly acquired expert. Marketing research: increase expenditure by 10%.

Bill's strategy statement serves as an example.

Here is the strategy statement for Tica-treat, prepared by Bill Jones:

Target market: All mines, with primary emphasis on coalmines, secondary emphasis on gold mines.

Positioning: a cheap effective treatment for cooling.

Product line: redesign package.

Price: somewhat below major competitors.

Distribution: through Smith's sales force only.

Sales force: to call more on mines with special 'deals'; relook at areas; incentive scheme.

Service: technical advice and 24-hour service to be upgraded.

Advertising: increase trade press advertising.

Sales promotion: increase budget by 15% to allow for mass sampling at trade shows.

## **ACTION PROGRAMME**

After some thought, Bill Jones has decided that a project-scheduling type of action programme will best suit his needs.