



# Marketing strategies: the return from focused efforts and budgets

## WHAT IS MARKETING STRATEGY?

A marketing strategy outlines the strategic directions and tactical plans that marketing must execute to support the overall business objectives, such as:

- Increase revenue
- Grow profits
- Reduce costs

It contains a number of important decisions about product offerings, pricing, communications, and distribution channels. It also includes a detailed plan and budget for implementing each component of the marketing strategy.

### Not just another day at the office

Marketing strategy is loaded with make-or-break implications. It drives your company's entire marketing engine and often other functional areas as well. Its repercussions and rewards will be felt every day for years.

### How much marketing strategy do I need?

The level of detail and the effort associated with your marketing strategy depends on several factors:

- The size of your business
- Where your business is in its life cycle (i.e. start-up, growth, mature, or declining)
- Whether you are making strategic decisions about the company's entire product portfolio, a particular product line, or just one product
- How much marketing strategy formulation you have done in the past

Formulating marketing strategies doesn't have to be an all-or-nothing process; but don't look for reasons to skimp—your success is at stake.

## USE A STRUCTURED PROCESS

Developing a marketing strategy is important, but it's hard work. It takes time and commitment. Marketing strategy

is typically developed by committee using incomplete information. It's easy to get side tracked or bogged down.

The key is to follow a clear, structured, well thought-out process. Doing so helps you keep the team focused, assures the consistent use of information, and streamlines decision-making. It involves some front-end preparation, but will ultimately save you time and money.

## PREPARING TO CREATE MARKETING STRATEGY

Marketing strategy formulation is not the beginning of the process, it's the end. Before you begin generating strategies you should collect, study, and digest a lot of marketing information.

In short, you should complete the following two important tasks:

- Draft an outline of the marketing strategy plan that you will ultimately write
- Collect comprehensive, accurate, and current information about your market/industry, customers, competitors, and partners

Read the article entitled *Collect Data for Your Marketing Strategy* for a good overview of this step in the process.

## STRATEGY FORMULATION

Once you've digested all that marketing information, it's time to start formulating your strategy. A marketing strategy typically begins with a summary and synthesis of key market information, including:

- Market size and growth
- Market share
- Market trends

This summary information is then followed by strategic recommendations. These are the heart of the marketing strategy and are typically comprised of four sections:

- Product strategy
- Pricing strategy
- Communications strategy
- Channel strategy

## PRODUCT STRATEGY

Your product strategy establishes how your products will be positioned (i.e. how your products are understood by the market). Product positioning details:

- Your product's benefits and features
- How your product features align meet your customers' needs
- How your product features and pricing compare to your competition's
- Product changes that may be required over a specified time period to better position your offering

## PRICING STRATEGY

Pricing strategies are typically dictated by the product positioning strategies. If you are positioning your product as the *low cost leader* or the *high quality leader*, then you will set prices accordingly.

### Two approaches to pricing

- Cost-based pricing is a calculation of your products cost, plus a profit margin. It's a complex financial exercise with multiple products. Some costs are easy to associate with a particular product (e.g. material costs); others aren't (e.g. the CEO's salary).
- Value-based pricing is based on an assessment of how much a customer would pay for your product given its set of features and benefits. The issue is: what will the market bear?

Both approaches are subject to market and competitive realities. Just because it costs you \$15 per unit doesn't mean the market will pay \$15.

### Other pricing considerations

Discounts and promotions are two important components of your overall pricing strategy. Discounts (for high purchases or particular market segments) allow you to establish a particular market position while maintaining some measure

of flexibility. Promotions allow you to achieve specific marketing goals by temporarily reducing your price.

## COMMUNICATIONS STRATEGY

The communications strategy defines how you will present information about your company and products. It is built on your product positioning strategies and a thorough understanding of the target customers.

Communications strategies are crafted to establish:

- High-level customer impressions of your company and products that are consistent with your product positioning
- Consistent, concise, benefits-based messages that build the desired net impressions
- Which communications vehicles are appropriate for each customer segment

Read the articles entitled *The importance of target audience profiles* and *Key concepts of messaging* for more information.

## CHANNEL STRATEGY

The channel strategy addresses the best channels for getting your products to the customer and the purchase process customers will use. This section of the marketing strategy should outline which channel partners you plan to work with, and how.

Read the following articles to learn more about how to think about and approach channels:

- *Understand your channel's business model*
- *Communicating to, through, and for channel partners*
- *Create a channel partner scorecard*

## TACTICAL PLAN AND BUDGET

A marketing strategy finishes with a section on the tactical plan and budget. The tactical plan dictates the specific actions and schedules that must be accomplished to meet your strategic goals. A budget for each action is also prepared.

### Avoid common marketing strategy mistakes

- Collect ample marketing information before you begin formulating strategy.
- Don't involve too many people in the strategy formulations process. Focus on decision-makers and knowledge experts.
- Refer to your completed marketing strategy often, and update it as necessary. It should be a living document.

### MORE ABOUT ON THE MARK

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- **Envisioning possibilities:** Super-smart, competent marketing consultants
- **Raising the bar:** Experienced leaders that continuously deliver innovative yet meaningful business impact
- **Making it happen:** Driven, accountable marketing experts that are focused on results...not our egos

**On The Mark's** full-time and part-time consultants strategize, plan, and execute a wide range of business-to-business marketing programs. Our conscientious, can-do approach combined with our extensive marketing expertise make us smart and fast on our feet. Clients rave about our results and how easy and hassle-free it is to do business with us. If you'd like to learn more, please contact us at [Connect@OTMmarketing.com](mailto:Connect@OTMmarketing.com).