Strategic Planning

Chapter 7

Chapter Outline

I. Chapter Key Points
II. Strategic Planning
III. Basic Strategic Planning Decisions
IV. Account Planning: What Is It?
V. Planning for IMC

Key Points

• Differentiate between objectives, strategies, and tactics in strategic planning
• Identify the six basic decisions in an advertising plan
• Explain how account planning works
• Outline the key features in an IMC plan
The Legendary Service of Citizens Bank

Strategic Planning

• The process of determining objectives, deciding on strategies, and implementing the tactics

Strategic Planning from Top to Bottom

Figure 7.1
The Business Plan

- May cover a specific division of the company or a strategic business unit with a common set of problems
  - Strategic Business Unit
  - Return-on-Investment

![Figure 7.2 – The Business Strategic Planning Process]

The Marketing Plan

- Parallels the business strategic plan and contains many of the same components

![Figure 7.3 – Steps in the Marketing Plan]

The Advertising or IMC Plan

- Operates with the same concern for objectives, strategies, and tactics as business and marketing plans
Bringing Objectives, Strategies, and Tactics Together Since 1971

Annual Advertising or IMC Plan
Outlines all the advertising or marketing communication activities

Campaign Plan
More tightly focused on solving a particular marketing communication program

Basic Strategic Planning Decisions

Typical Plan Outline

- Situation analysis
- Key strategic decisions
- Media strategy
- Message strategy
- Other tools
- Evaluation of effectiveness
Situation Analysis

- Background Research
- SWOT Analysis
- Key problems and opportunities

![SWOT Analysis Diagram]

Objectives and Strategies

- Measurable objectives
  - Specific effect that can be measured
  - A time frame
  - A baseline
  - The goal
  - Percentage change

![Figure 7.4]

Segmenting and Targeting

- Market segment: a group of consumers having similar characteristics
- The segments the planner selects become the target audience
Positioning Strategy

- Determining what place a product should occupy in a given market
  - Product features
  - Competitive advantage
  - Differentiation
  - Locating the brand position

Budgeting

- Historical method
- Objective-task method
- Percentage-of-sales method
- Competitive budgets
- All you can afford

Gander Mountain: Planning Differentiation
Account Planning: What is It?

- The research-and-analysis process used to gain knowledge and understanding of the consumer

The Account Planner

- Uses account planning to research a brand and its customer relationships in order to devise effective advertising message strategies

Account Planner Tasks

- Understand brand
- Understand audience relationship
- Articulate strategies
- Prepare creative briefs
- Evaluate effectiveness
The Research Foundation

- Used in three phases of the advertising planning process
  - Strategy generation
  - Creative development
  - Campaign evaluation

Consumer Insight

- Intersects with the interests of the customer and the brand features
- Insight mining

The Communication Brief

- Explains the consumer insight and summarizes the basic strategy decisions
Planning for IMC

• Objective is to make the most effective use of all marketing communication functions

Video Snippet
How AFLAC effectively uses IMC to achieve its goals

The Account Planning Group

Would You Make a Good Account Planner?

• Curiosity about what makes people act and think the way they do.
• Questioning—accepting nothing at face value.
• Ability to look at a problem from different angles without losing sight of the big picture—a creative, as well as critical, thinker.
• Eclectic information searcher—desire to draw on all types and sources of information. An information sponge. Wide range of interests.
• Capable of taking a creative idea and making a reasonable guess at its intended effects and its effectiveness.
• Able to describe a target audience without relying on demographics.
• Ability to numerate—to use numbers, visualize the meaning of numbers, and generate hypotheses and draw conclusions from numbers.
• Team player: can appreciate and use inputs from others; knows when to push and when to relax.
• Must like an informal, loosely structured work environment.
• Must be able to handle criticism and disagreement; not territorial, defensive, or paranoid.
Discussion Questions

Discussion Question 1
• Think of a product you purchased recently.
• How was it advertised?
• Which strategies can you discern in the advertising?
• Did the advertising help to convince you to purchase the product? Why or why not?

Discussion Question 2
• In Luna Pizza’s situation analysis for this year, we find: Luna is a regional producer of frozen pizza and its only major competitor is Brutus Bros. Estimate next year’s advertising budgets for Luna under each of the following circumstances:
  a. Luna follows a historical method by spending 40 cents per unit sold in advertising, with a 5 percent increase for inflation
  b. Luna follows a fixed percentage of projected sales method, using 7 percent
Discussion Question 2 (continued)

c. Luna follows a share-of-voice method. Brutus is expected to use 6 percent of sales for its advertising budget next year.

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</tr>
<tr>
<td>Brutus $ Sales</td>
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<td>830,000</td>
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</tbody>
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Discussion Question 3

- Using resources such as the *Wall Street Journal* online, find an example of a company whose strategy matches its mission.
  - What leads you to believe its strategy matches its mission?
- Next, find an example of a company whose strategy does not seem to match its mission.
  - What leads you to believe its strategy does not match its mission?
- Support your arguments with points from this chapter.

Discussion Question 4

- You are assigned to the account for a new hybrid automobile.
- Use the Communication Brief outline and list the research that you need to conduct for each step in the strategic decision-making process.
- What do you need to do in order to put together a useful brief for the creative team?
Discussion Question 5

• Pick one of your favorite brands.
• Analyze its strategy using the Facets Model of Advertising Effectiveness.