

# *Planning Your Marketing Program*

By Alex Hiam

Part of marketing's difficulty lies in the little-recognized fact that most other business functions are, in a sense, *part* of marketing.

That's because everything that touches the customer is marketing. The obvious points of customer contact — like products and advertisements — are easier for marketing to control. But less obvious points of contact — like bills, warranties, service, even the appearance of employees, lobbies and buildings, or the ease with which packaging can be opened and discarded — also make up part of the complex marketing picture. These hidden marketing functions make the marketing job even tougher.

Of course, marketers do have the hardest job to start with — they have to find customers and motivate them to buy the product. (and to buy it again later) That's not easy! Still, no good reason exists for marketing to operate on the edge of total chaos. Doing the job better is not that hard, really.

All you need is a competent marketing program.

A marketing program is any coordinated effort to communicate with and persuade customers to purchase, use, and repurchase your product through multiple points of influence.

For the sake of clarity, let's agree that we will call any individual or group involved in the purchase decision a *customer*. And anything that can affect their motivation to purchase is a possible element of your marketing *program*. Also, anything you want to sell them is a *product*. Even if it is a service, an idea, or a political candidate, it's still a product to a marketer. It still needs a program to sell it because the rules and tricks of good marketing still apply.

And the first rule is, make sure everything anyone does to sell that product is *focused* clearly on the right target customer, and *executed* in the informational, emotional, or balanced style you think your target customer will respond to.

Many separate activities have an impact on customers and their behavior. Some of these activities are actually performed by people with "marketing" in their titles, but many are not. Some of these people are not even on the payroll, because subcontracting of marketing tasks is commonplace.

## *The typical approach to program development*

Take a look at a typical example of program development.

Mary Johnson has just been promoted to marketing manager for her division of a medium-sized computer software firm. Her boss tells her to put together a plan and budget for marketing their software. (The software is used in bookkeeping by other companies, so Mary needs to convince corporate accountants to purchase the product and its upgrades.)

Mary worked in product development as a quality control officer for two years, and before that she spent a year in sales, calling on big corporate accounts. Quality and sales are two important aspects of marketing. That's why she got the marketing manager job. But she has never designed a marketing program before. How well does she do?

Unfortunately, she blows it big time by submitting a budget based on last year's, with just a few modifications. This is a big mistake, we'll see later, because last year's budget was not based on a coherent marketing program. Design a program first, and then write the budget for it!

But who can blame Mary? With only two weeks to submit her budget, she has to scramble to figure out what to do. She starts by looking at last year's budgets (always a mistake unless you are sure that *they* were good!). The budget Mary sees is shown in Table 1-1.

<b>Table 1-1</b>	<b>Marketing Budget</b>
<b>Item</b>	<b>Cost</b>
Literature and Brochures for Sales Force	\$8,300.00
Executive Entertainment (travel, meals, golf events)	\$36,500.00
Advertising (in trade magazines, through AdPro Agency)	\$54,769.00
Premium Items (mugs, hats, golf shirts)	\$7,454.50
Trade Shows (booths and free samples, three computer shows)	\$48,060.00

The budget looks pretty detailed to Mary (although as you'll see, it really needs to be taken to another level of detail). But how should it be modified for next year?

She swings by the sales manager's office — he's her mentor at the firm, and the person who first hired her. He says, "I'll be honest with you, Mary. Marketing has been tying our hands for years. We need twice that budget for premium items. My sales force usually runs out of gifts half-way through the year. And we ought to replace all our literature because we're introducing a new series of upgrades for all our products next spring. That will probably cost \$20,000 if we use four-color printing throughout."

"Are these expenses really necessary?" Mary asks.

"I guarantee we'll sell more if you get those in the budget," her old boss tells her. "And if you don't, well, let's just say everyone will know why we didn't make our sales projections."

"But where will the money come from? I doubt the president will authorize a doubling of the marketing budget."

"That's easy," the Sales Manager told her. "Just cut the unnecessary expenses. Like all that corporate entertainment - the executives just use that as a slush fund. They don't really do any selling, they just hang out at golf clubs with the executives of our client companies, after the sales force has made the sale. Those trade shows are a waste, too. Our customers are accountants; they don't go to computer trade shows! But our programmers like to do a few shows, because they can network with their buddies from the computer industry."

If you've ever worked in a company with more than one employee, I think you can guess where this story is going. We're talking politics. By the time Mary is done, she will have heard from all the stakeholders in her budget — except her customers. And depending on who has the most influence, she may bump some of the items up by 5 or 10 percent.

If she's lucky, her boss will have enough clout to keep the other items from being cut by the same amount. But the end result will inevitably be remarkably like last year's budget, and it won't have any clear customer-driven rationale. By the way, if you're thinking, hey, Mary could never do a customer survey in two weeks, well, you're not thinking like a marketer yet. It takes only two minutes to pick up the phone and dial up a customer.

That means that the program, if you can call it a program, will be much like last year's. Just like most companies' marketing budgets generally look alike from year to year.

### *Analyzing last year's budget*

Think about Mary's program for a minute -you can pull out your last marketing budget and subject it to the same analysis if you have the stomach for it.

What is the focus of this program as revealed by the budget? If you go by the numbers, the program emphasizes display ads in trade magazines. Next in importance is the trade shows, followed by executive entertainment. In order of importance, the list looks like the following:

- Print ads in trade magazines
- Booths at computer industry trade shows
- Executive entertainment of clients (especially on golf courses)

Based on these budget priorities, the marketing department has been using a *marketing mix* (the combination of marketing actions that make up a program) that emphasizes advertising, trade shows, and corporate entertainment. So the real question is (or should be), "Will this mix of marketing activities do the trick?" Will the mix generate new sales, retain old customers, and fuel the company's growth? It may *if* you believe two things:

- Accountants will see the ads in their magazines, or visit the company's booth at a trade show, and will decide to license the software as a result.
- Current customers will buy upgrades, and not defect to competitors, *because of* the executive entertainment.

I focus on these two assumptions because the key purpose of any program is to generate increased sales by drawing *in new customers* and retaining *customers by generating repeat business*.

But Mary, from the preceding example, is not sure about these assumptions. She doesn't have much information about what motivates her prospective and current customers. Nor will she base a decision on any insights into their behavior. She thinks she just doesn't have the time or data needed to look at this program from the customer's perspective.

We don't have any information about her customers' behavior either, but we can make some educated guesses - as Mary would have if she had a little more experience in marketing. Common sense tells us that the assumptions are flawed — and that the program does not focus on the key activities driving customer behavior.

This company depends on *face-to-face selling*. The sales force goes out to write orders and maintain relationships, as Mary knows from her first job. But that activity is not even in the marketing department's budget.

And you can assume that another off-budget item is key to the company's sales: *new product development*. That's a reality in every software company, and the new product launch is important at Mary's company. If a company doesn't keep improving its products, its competitors will introduce new features and steal the old customers away.

All repurchase decisions in *any* market are driven largely by the *user's experience with the product*. If you use software to do accounting every day, as Mary's customers do, you are likely to form a strong opinion about that software. You will find the software irritating because it won't let you do X. Or you'll think that the software is great because it automates Y, which used to take a week to do by hand. The software will either be easy or hard to use, and the user's manuals and customer support service will either be helpful or unhelpful. The many hours of contact between the user and the product are the third key to sales success or failure for Mary's company.

### *The shift from a budget focus to an influence point focus*

Mary's marketing budget doesn't have line items for sales, product development, and customer support. Those activities are handled by different departments — departments that probably have much bigger budgets than hers. So Mary's hands are tied by the departmental structure of her firm. Her budget, whatever it looks like, will only affect the secondary activities that support these three keys to marketing success.

As Marketing Manager, she has a ringside seat — but she isn't in the ring. That means her budget is not a good basis for planning the marketing program — any more than your marketing department's budget is.

Who *is* in the marketing ring? Well, certainly the people who develop new products. Don't forget the sales force, the people who write the user's manuals, the people who provide telephone and on-site customer support, and perhaps those executives who do all that entertaining. You may also have to include the programmers who crawl out of their shells a few times a year to go to computer industry trade shows. All these are potential points of contact with current or prospective customers. Each is, therefore, a potential *influence point* (defined as a point of potential contact with customers that can be used to communicate and persuade).

Ads in trade magazines are also influence points, as are those gifts handed out to customers. But some influence points are more important than others, so any marketing program needs to focus on the key, or *primary*, influence points and guide their usage throughout the year. If that means coordinating with other departments, then *coordination must be included as a key element of the program*.

### *Performing an Influence Points Analysis*

I recommend using what I call an *Influence Points Analysis* as a start to any effort to develop or modify a marketing program. An Influence Points Analysis is a listing of all the ways in which the customer and company interact. You need this list to design a

program, because the program's purpose is to use all these points of contact in a coordinated, strategic manner to get and retain customers.

The list will help you see the full marketing process (it's always a bigger picture than we expect) and thereby avoid the pitfalls into which Mary and her associates have fallen. The analysis ensures that you understand what your marketing program really does — and does not — include, down on the ground where it touches customers.

Following are instructions for constructing an Influence Points Analysis.

## *The Influence Points worksheet*

Fill in this worksheet for each type of customer you have.

Yes, I do mean that you should fill out a separate worksheet for each customer type, or grouping. For example, if you sell toys to retail toy stores, and through them to children and parents, then you need a list for the stores, and a second one for the end customers. You also need a separate marketing program for each as well.

First write two lists, as follows:

### **Primary Influence Points**

(List the two to five key points of contact with customers)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### **Secondary Influence Points**

(List all the other, less important types of contact or exposure between customer and company. For example, while a monthly bill is not a major point of contact, it *is* a point of contact. List it here.)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

(or more)

Second, add two columns on the right-hand side of your page, the first labeled “Control” and the second labeled “Estimated Budget.”

### *Who controls each influence point?*

In the Control column, write in the name of the person or department who controls each of the points of contact. If dual control exists, then enter both names. Doing so allows you to see how important coordination is going to be to any program. If control of key contact points is beyond your own department, then you need to get involvement

from other departments in the initial stages of program development — not just in budget haggling.

And if considerable coordination is required, you better budget appropriate time and money to generating cooperation. You need to plan some meetings or team development activities, plus consider networking your computers with those of other departments. And plenty of travel is a must if geographic barriers exist.

You may need months, not weeks, and you may spend a great deal in travel, meeting time, presentations, and persuasion to convince various managers to support your plan. Coordination is usually a vital marketing function, but most marketing departments fail to plan or budget for it.

*How much is spent— by everyone — on each influence point?*

In the ‘estimated budget’ column, enter the total costs associated with each influence point over the last year. This task is not easy, because budgets and expense reports are not organized in the same way. You will have to guesstimate how much of which line items really applies to a point of contact. But when you have done so, you can finally step back and look at the reality of your firm’s previous marketing program. You will be able to see roughly where you invested in those influence points where marketing has a chance to sway purchase decisions.

Going back to Mary’s case, say that she filled in the first line with the Primary Influence Point: “Sales calls on prospects (accountants who might buy our software).” Under ‘Control,’ she listed sales manager, because the marketing department has very little control over this point of contact.

To fill in the ‘estimated budget’ column, Mary had to study the sales force’s records. She decided that about one fifth of all sales calls were on prospects — the rest were made on existing customers. So she broke out one fifth of the direct costs of the sales force to put in this column.

To that she added a portion of the marketing department’s expenditures on product literature, brochures, and premium items. She also learned that executives rarely entertain prospects — they usually get to know client-company executives after the sales force makes an initial sale. So she didn’t put any of the executive entertainment budget in this category. Nor did she put anything from the trade show budget here, because she learned that the software people run the booths, and rarely send any leads to the sales force. However, she *did* include a small portion of the advertising budget here, because some of the ads generated customer inquiries, which the sales force used to set up appointments.

When she added everything up, she had the following items in the ‘estimated budget column’ for *sales calls on prospects*:

- **Sales force expense:** \$115,000
- **Literature and brochures:** \$3,000
- **Premium items (gifts):** \$1,000
- **Print ads generating sales leads:** \$8,000
- **Total:** \$127,000

This breaks down to be about 17 percent of the entire program.

That is a fair estimate of the past year's expenditures on getting in front of accountants at companies and trying to convince them to make a first-time purchase. Note that Mary could not have understood this key aspect of her company's marketing program without performing the influence points analysis. Her department's budgets and records fail to reveal the true characteristics of the existing marketing program — and so do yours, so please don't rely on them alone.

### *Asking questions about your marketing program*

Armed with this information and similar insights into what the company actually does, *from a customer's point of view*, Mary is in a far better position to think about next year's marketing program. She can ask intelligent questions about her program — and you can, too:

- Does my company emphasize acquiring new customers to the extent that it should, or is 17 percent of our program budget too little?
- Does my company emphasize keeping old customers to the extent we should? Mary can also calculate the spending on this point by using the same sort of analysis.
- Does my company coordinate its activities at each key influence point, or do some conflict with others?
- Does my company waste time and money on non-critical activities and secondary influence points?
- Do the messages communicated at different Influence Points add up to a coordinated overall message to my company's customers?
- Is my company more effective or efficient at handling some Influence Points than others?
- Are my company's competitors handling Influence Points differently? Are competitors using clearer, different, or louder messages?
- What message is my company communicating to the customer through these Influence Points — and are these the messages that we want and need to communicate?
- Does my company touch the right customers and prospects, at the right times, and often enough?
- Is my company overlooking some potential Influence Points it could start to use?
- Do uncontrolled influence points exist (like negative word of mouth or the misrepresentations of competing salespeople)? If so, how can my company increase its control over them?

These powerful questions are likely to generate insights that will improve the practice of marketing. But asking questions is not enough. You also need to come up with good answers. That takes a bit more work — in fact, the the latest edition of *Marketing for Dummies* addresses ways of answering these questions.

You need to think about who you target, what they want and need, and lots of other things that are covered in the book.

However, if you don't start out with intelligent questions, you certainly will not have an intelligent marketing program. So the cornerstone of any marketing decision must be an assessment of current Influence Points. Know what they are. Know what your firm does at each of these points. Try to find out how customers react to what you do at these points, and why. Put some hard thought into answering these questions.

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