

## 16.4: Ongoing Marketing Planning and Evaluation

### Learning Objectives

1. Apply marketing planning processes to ongoing business settings.
2. Identify the role of the marketing audit.

Our discussion so far might lead you to believe that a marketing plan is created only when a new offering is being launched. In reality, marketing plans are created frequently—sometimes on an annual basis, or when a new CMO is hired, when market dynamics change drastically and quickly, or just whenever a company’s CEO wants one. Moreover, as we indicated, a marketing plan should be something of a “living” document; it should contain triggers that result in a company reevaluating its strategies should different scenarios occur.

Some of those scenarios can occur immediately. For example, when a product is launched, the market reacts. Journalists begin to cover the phenomenon, competitors respond, and regulators may take note. What then should happen if the sales goals for the product are substantially exceeded? Should its price be raised or lowered? Should follow-on offerings be launched sooner? What if a competitor launches a similar offering a week later? Or worse yet, what if the competition launches a much better offering? The key to a successful ongoing marketing strategy is twofold: understanding causality and good execution of the marketing plan. Next we discuss each of these aspects.

### Audio Clip

Katie Scallan-Sarantakes

<http://app.wistia.com/embed/medias/b1db0efe17>

Katie Scallan-Sarantakes knows firsthand the difficulty of tracking the success of marketing activity. She describes some of those challenges here.

### Causality

**Causality** is the relationship between two variables whereby one variable is a direct consequence of the other. For a scientist in a lab, identifying causality is fairly easy because the causal variable can be controlled and the consequences observed. For marketers, such control is a dream, not a reality. Identifying causality, then, can be a real challenge.

Why is causality so important? Assume you’ve observed a drop in sales that you think is caused by a competitor’s lower price. If you reduce your price to combat the competitor’s when, in reality, the poor sales are due simply to seasonal factors, lower prices might give consumers the impression that your product is cheap or low quality. This could send your sales even further downward. Drawing the wrong conclusions about causality can lead to disastrous results.

Control is an important related concept. **Control**, in this context, means not the degree to which you can manipulate an outcome but rather the degree to which you can separate the effects of a variable on a consequence. For example, you have complete control over what the customer pays for the offering. You are able to manipulate that outcome. However, you have no control over seasonal effects. Nonetheless, you can identify what those effects are and account for their influence.

The first type of control is **managerial control**, whereby you have control over how variables in a marketing plan are implemented. You decide, for example, how many stores will carry your product. You can vary that number and have an effect on sales. The second type of control is **statistical control**, whereby you can remove the influence of the variable on the outcome mathematically. For example, you have no control over seasonality. If you are selling a product for babies and more babies are born in August than any other month, then your sales will go up in September. Statistical control allows you to smooth out the seasonal variance on sales so you can then determine how much of the change in sales is due to other factors, especially those you have control over. Statistical control is something you learned in a regression class. However, the numbers in a statistical analysis can be as easily approximated. You don’t necessarily need to utilize complicated equations. Consider the following scenario:

1. Over the past five years, you have observed an average decline of 20 percent in sales for the months of June, July, and August, which also happen to be months in which many salespeople and buyers vacation.
2. This year, the decline was 28 percent.
3. You can therefore safely assume that about 20 percent of the decline this year was due to people taking vacations, as they have in years past; you can further assume that the amount of the decline due to factors other than vacations was about 8 percent.

Doing a simple analysis such as this at least gives you some idea that something new is going on that is lowering your sales. You can then explore the problem more completely.

So how do you figure out exactly what is the cause of such a decline? In some instances, marketing executives speculate about the potential causes of problems and then research them. For example, if the product's price is perceived to be the problem, conversing with a number of former customers who switched to competing products could either verify this hunch or dispel it. In a B2B environment, salespeople who are aware of a competitor's new lower prices might be the first to identify the problem, rather than marketing executives. Nonetheless, the firm's marketing executives can then try to verify that lower prices led to the sales decline. In consumer-goods markets, there are often many segments of consumers. Rather than asking a few of them what they think, formal market research tools such as surveys and focus groups are used.

## The Marketing Audit

Another investigative tool that can be used to research a drop in a company's sales performance is a marketing audit. A [marketing audit](#) is an examination or snapshot of the state of a company's marketing strategies as they are actually implemented. Here, managerial control becomes important. Was the strategy implemented as intended? Is the strategy working?

For example, when Xerox launched a new workstation, the company ran a promotion giving a customer who bought a workstation a discount on a copier. Despite the promotion, the overall sales of the workstation failed to meet Xerox's expectations. There were, however, geographical areas in which the sales of the product were quite good. What was up?

Upon closer examination, Xerox's managers learned that the firm's salespeople in these areas had actually developed a much more effective selling strategy: they sold the copiers first and then offered the workstation for free by applying the amount of the discount to the workstation, not the copier. Xerox's marketing quickly revamped the promotion and communicated it effectively to the rest of the sales staff.

[Fidelity](#) is the degree to which the plan is being implemented as it is supposed to be. In the example of the Xerox workstation, there was substantial fidelity—the plan was being implemented right—but the plan was poor. Usually, though, the problem is that the plan is not executed properly.

More serious issues require more in-depth study. When Mark Hurd took over as Hewlett-Packard's CEO in 2005, he ordered an immediate audit of HP's sales and marketing activities. Metrics such as the win/loss ratios of business deals, the length of time it took to get a proposal approved and presented to a customer, and other factors exposed numerous problems Hurd needed to fix. The audit identified the causes, many of which Hurd and his team were able to deal with quickly. As a result, HP increased market share and captured the lead in the PC market in the first year following Hurd's appointment.

According to the marketing consulting company Copernicus, a marketing audit should assess many factors, but especially those listed below. Does any of the information surprise you?

### Top Ten Factors a Marketing Audit Should Assess

1. Key factors that impacted the business for good or for bad during the past year.
2. Customer satisfaction scores and the number and type of customer complaints.
3. The satisfaction levels of distributors, retailers, and other value chain members.
4. The marketing knowledge, attitudes, and satisfaction of all executives involved in the marketing function.
5. The extent to which the marketing program was marketed internally and "bought into" by top managers and nonmarketing executives.
6. The offering: Did it meet the customer's needs as expected, and was the offering's competitive advantage defensible?
7. The performance of the organization's advertising, promotion, sales, marketing, and research programs with an emphasis on their return on the money invested in them.
8. Whether the marketing plan achieved its stated financial and nonfinancial goals.
9. Whether the individual elements of the marketing plan achieved their stated financial and nonfinancial goals.
10. The current value of the brand and customer equity for each brand in the product portfolio<sup>1</sup>.

You were probably surprised by a few items on the list. For example, did your marketing plan include a plan to market the marketing program to important internal parties, such as the company's managers and employees? We discussed earlier that the marketing plan should persuade others to invest in the plan's success. Part of that persuasion process could actually include a plan

to communicate the plan! A marketing audit should assess the extent to which the plan was successful in achieving the goal of getting important people and departments within an organization to buy into the plan.

Do you think the “top ten” list above is prioritized correctly? Some people would argue that the first four or five factors that need to be examined are the most important. Other people would argue that only the financial factors (factors 7–10) matter. Which group is right?

The answer really depends on what’s important at the time to a company. Because HP hired Hurd to improve the company’s poor financial performance, financial issues were likely his top priority. He knew, however, that the causes of the poor financial performance probably lay elsewhere, so he had his team look deeper. Financial problems are usually the first to prompt a marketing audit.

Many firms don’t wait for problems before conducting an audit. Either they hire consultants like Copernicus Marketing Consulting to conduct the audit, or they do the audits themselves. If a firm’s budget doesn’t allow for a complete audit annually, the company will often focus on one particular area at a time, such as levels of satisfaction among its customers and channel partners. The following year it might audit the company’s communications strategy. Rotating the focus ensures that every aspect is audited regularly, if not annually.

### Audio Clip

Katie Scallan-Sarantakes

<http://app.wistia.com/embed/medias/f33fa6fb78>

Marketing is a fun job, but it is more than that. Marketing professionals have to deliver business results with all of the work they do. As Katie Scallan-Sarantakes describes, you have to prove your ability to deliver value.

### Key Takeaway

The key to a successful ongoing marketing strategy is twofold: understanding causality and good marketing plan execution. Drawing the wrong conclusions about causality, or what actually causes a change in a company’s sales performance, can lead to disastrous results. That’s why companies investigate the causes by gathering market feedback and conducting market research. Another tool that can be used to research a change in a company’s sales performance is a marketing audit. A marketing audit is an examination or a snapshot of the state of a company’s marketing strategies as they are actually implemented. Complete and partial audits can be done internally or by a consulting firm in order to find areas for improvement.

### Review Questions

1. What is the difference between managerial control and statistical control? How is statistical control used?
2. What should a marketing audit accomplish?

<sup>1</sup>“Marketing Audit: 10 Critical Components,” Copernicus Marketing Consulting, [www.copernicusmarketing.com/omarketing-audit/](http://www.copernicusmarketing.com/omarketing-audit/) (accessed April 13, 2012).

---

This page titled [16.4: Ongoing Marketing Planning and Evaluation](#) is shared under a [CC BY-NC-SA](#) license and was authored, remixed, and/or curated by [Anonymous](#).

- [16.5: Ongoing Marketing Planning and Evaluation](#) by Anonymous is licensed [CC BY-NC-SA 3.0](#). Original source: <https://courses.lumenlearning.com/waymakerintromarketingxmasterfall2016>.