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Marketing Management in Practice

PROFESSIONAL DIPLOMA IN MARKETING

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CIM REVISION CARDS

Marketing Management in Practice

John Williams of Marketing Knowledge

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PREFACE

Welcome to the CIM Revision Cards from Elsevier/Butterworth–Heinemann. We hope you will find these useful when coming to revise for your CIM exam. The cards are designed to be used in conjunction with the CIM Coursebooks from Elsevier/Butterworth–Heinemann, and have been written specifically with revision in mind. They also serve as invaluable reviews of the complete modules, perfect for those studying via the assignment route

- Learning outcomes at the start of each chapter identify the main points
- Key topics are summarized, helping you commit the information to memory quickly and easily
- Examination and revision tips are provided to give extra guidance when preparing for the exam
- Key diagrams are featured to aid the learning process
- The compact size ensures that the cards are easily transportable, so you can revise any time, anywhere

To get the most of your revision cards, try to look over them as frequently as you can when taking your CIM course. When read alongside the Coursebook they serve as the ideal companion to the main text. Good luck – we wish you every success with your CIM qualification!

Marketing Management in Practice

The module is assessed by either examination or an Integrated Project. The focus of the module is on:

- Teams
    - **Working in marketing teams** and with people in other functions.
    - **International issues** as part of everyday marketing life in organizations.
    - Managing and **motivating people and teams** to produce **results**.
    - Developing and managing teams to add value to the organization's activities and deliver effective results.
- **Effective team performance** is contingent on a balance between the:
  needs of the task
  needs of the individuals within the team
  maintenance needs of the team as a whole
- **Integration and application of knowledge** from all the Diploma modules.
- **Applying** the theory of market research, planning and communications from the previous modules.
- **Developing** and **implementing** the marketing plan by undertaking marketing activities and projects.
- **Broad and practical** demonstration of marketing at an operational level.
- **Awareness** of the **strategic context**.
- Basic **project management techniques** to help with managing the task.

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MANAGEMENT AND MARKETING ROLES

Syllabus Reference: 1.1, 1.2

- To describe the nature of relationships with other functions in organizations operating in a range of different industries and contexts (1.1)
- To explain the importance of developing and maintaining effective relationships with people in other functions and disciplines (1.2)

These particular learning objectives are a theme throughout the book.

KEY DEFINITIONS

➡ Global firm – A firm that, by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation that are not available to purely domestic competitors

➡ Global organization – A form of international organization whereby top corporate management and staff plan worldwide manufacturing or operational facilities, marketing policies, financial flows and logistical systems. The global operating unit reports directly to the chief executive, not to an international divisional head

The Focus of the Module

- The module emphasizes the importance of developing positive working relationships within the marketing team and with external agents and internal organizational functions via effective communication and effective management of quality and customer care

- You need to show awareness of the challenges that marketing teams face operating in a global context

- The need for appropriate research to inform the planning process

- Developing effective communication strategies so that people have the right information to complete the task is important

- Selecting the right people for the right team by identifying knowledge, skills and other essential attributes required

- Building strong marketing teams through flexible and adaptable leadership

- Motivating teams and individuals to raise their performance by recognizing and rewarding achievement

- The importance of planning for operational marketing, including auditing, setting objectives, scheduling, resourcing, implementing and evaluating the plan

- The need to communicate effectively as a team when working together on projects and to develop a communication strategy for the marketing plan.

- Using the combined knowledge and skills within marketing teams to implement marketing plans

Marketing Orientation

- A marketing oriented company needs to align its distinctive competencies with market opportunities, but to do this effectively requires a team effort

- Customer focus needs to be shared by the whole organisation and not seen as the responsibility of only the marketing department or marketing person in isolation

- A key element of market orientation is intelligence-gathering about customer needs and preferences and what influences them. This should involve people throughout the organization, but channelled for analysis towards a particular part of it

- The structure of an organization can be a barrier to success if it separates one department from another. In some organizations, sales, marketing and customer service are organized as a team, but finance, human resource management, research and development, production, purchasing and management all affect the marketing effort

- To ensure that everyone is working to the same broad objectives as a team requires good communication and an awareness and respect for each other's contributions

Different Orientations to the Market

- Sales orientation – When the need is perceived as selling more of a product or service that is already available. They may make full use of selling, pricing, promotion and distribution skills, but a sales-orientated business pays little attention to customer needs and wants, and does not try particularly hard to create suitable products or services

- Production orientation – A production-oriented business is said to be concerned with making as many units as possible. By concentrating on producing maximum volumes, such a business aims to maximize profitability by exploiting economies of scale. The needs of customers are secondary compared with the need to increase output

This approach works best when a business operates in high growth markets or where there are few opportunities for economies of scale

- Product orientation – This is a business that focuses exclusively on its own products. They may even be rather arrogant about how good they are. However, a failure to be kept up with developments in the external market, or with changing consumer preferences, means that it loses business to its competitors

What is Management?

- Management is an inclusive term that is used in a variety of ways
- Different managers have different styles that are formed by their past experience, the nature of the tasks they have to undertake, the context they work in, and the expectations, capabilities and motivation of the people they work with
- Studies of management behaviour show that there are wide variations, both for the same manager from one week to another and between managers in similar jobs
- There are wide differences between managers' jobs in the same country as well as across countries
- Individual influences, such as gender, age, ethnic background, education, career experience and personality may also have an impact, but there is no conclusive evidence about whether and how these factors influence management behavior
- In small to medium sized organizations marketing executives and managers may cover several specialisms, whereas large companies have dedicated specialists, each supported by a team of people
- Marketing functions include communications, brand management, product development and management, public relations, sponsorship, sales promotions and advertising

Marketing Management

- CIM's definition of marketing is 'The management process which identifies, anticipates and satisfies customer requirements profitably'

- This process varies, depending on factors such as the size of the organization, the sector in which it is located, the type of work role performed by the manager and the career experience that the marketing manager brings with them

- Generally speaking, the smaller the organization the more multifaceted are the roles of the marketing manager

- Marketing titles and positions vary considerably, along with the particular responsibilities that accompany them. They span a range of positions, including marketing director, marketing manager, sales manager, advertising manager, promotion manager and public relations manager

- A marketing director is responsible for directing overall marketing policy. Marketing managers work with service or product development, market research and others to develop detailed marketing strategies

Sales and Marketing

- Sales and marketing teams should work together to create opportunities for new business, identify new markets and gather competitive intelligence. However, they may work quite differently

- Sales managers direct the efforts of sales professionals by assigning territories, establishing goals, developing training programs, and supervising local sales managers and their personnel

- Sales teams need immediate information to close sales quickly, whereas marketing teams are often focused on longer-term results

- Differences in philosophy and work style can create barriers to sharing information and make it difficult to close sales

Marketing in British Organizations

- McKinsey & Co (2002) found that the role of marketing was most sophisticated in the Business to Consumer area (B2C) and the lowest in the Business to Business area (B2B)

- The primary role of marketing for a quarter of all sectors' respondents was promoting sales. But B2C gave greater weight to building brands (28 percent)

- Many organizations ran a marketing function without a specific department – 47 percent for B2C and B2B, and 39 percent for 'Both'. A specific marketing department was found in 41 percent of B2C organizations, but in only 1 percent of B2B and 29 percent of 'Both'. Almost a third (31 percent) of all B2B respondents combined marketing with sales or other functions, compared with 23 percent of 'Both' and 6 percent B2C

- Just over half the respondents showed that the most critical change required in their organizations was the need for enhanced collaboration between marketing and other functions

Objectives of an Organizational Structure

- Organizations have differing cultures – sets of values, norms and beliefs – reflected in different structures and systems
- Organization structure refers to the pattern of relationships among positions in the organization and among members of the organization
- The purpose of structure is to divide work among members of the organization and coordinate their activities so that they are directed towards achieving the goals and objectives of the organization

Structure defines tasks and responsibilities, work roles and relationships, and channels of communication. It should embrace:

- Accountability for the areas of work undertaken by groups and individual members of the organization
- Coordination of different parts of the organization and different areas of work
- Effective and efficient organizational performance, including resource utilization
- Monitoring the activities of the organization
- Flexibility in order to respond to changing environmental factors
- Job satisfaction of members of the organization

Marketing Departments

They can be organized by:

Function, Geographic area, Corporate divisions

Matrix, Products, or brands, Global aspects

- The marketing function is organized in different ways in different organizations, depending on factors such as size, geographical spread, management philosophy and type of business

- A matrix structure is suited for collaborative working, focused on projects that cross normal departmental boundaries

- Managing effectively requires knowing yourself, and effective managers understand how their behaviour affects others and are able to adapt their style to the context in which they work

- The original purpose in creating product or service managers was to have someone who would take full responsibility for a product or portfolio of products or services

- Product management involves monitoring the performance of a specific product or service group in the market place. This makes it possible to avoid having a marketing department that focuses only on a few favoured products or services

- The product manager needs to coordinate all activities relating to the product and service

Relations between Departments in an Organization

- Providing a structure where people with a range of technical skills, functional specialisms and different perspectives can come together, exchange ideas, learn from each other and, ultimately, provide a better service to internal and external stakeholders

- A boundaryless organization eliminates barriers that separate functions (e.g. marketing vs. manufacturing), domestic and foreign operations, different levels of work (managerial vs. hourly) and between the organization and its customers and suppliers.

- Boundaryless organizations ensure that the specifications and requirements of the suppliers, producers and consumers are all well integrated to achieve objectives. (Milkovich and Boudreau 1994)

- Providing a forum in which issues or problems can be aired and dealt with

- Encouraging acceptance and understanding of a problem and a proposed solution

- Enabling people to develop their roles

Marketing Manager

- One of the main responsibilities of a marketing manager is to identify the target market for products and services, devise strategies and select media that will reach and attract the target market

- A marketing manager needs to work with a range of people, inside and outside the organization, on all aspects of marketing. Inside the company the marketing manager may work with the sales force, promotion manager, product development teams and market research

- Outside the company this may involve advertising agencies, consultants and market research organizations. This means that marketing managers need to have good people skills

- A marketing manager's responsibilities include large-scale customer relationship management, utilizing skills in customer segmentation, customer loyalty, customer satisfaction, database marketing and direct marketing

- The role of the manager is important in creating, coordinating and maintaining the team. This requires an understanding of the specific skills and abilities of team members, and their ways of working

- Managers need to understand their staff and use their influence over the way the team works, transforming them from a group of individuals to a team that is able to work together

Relationship Marketing

- Relationship marketing is focused on maximizing the lifetime value of desirable customers and customer segments. Strategies need to enhance relationships with key 'markets', including internal ones, as well as external relationships with customers, suppliers, referral sources, influence markets and recruitment markets

- The types of interactions that take place between buyers and sellers can be viewed on a continuum, ranging from transaction to relationship

Customer Relationship Management

This is an area of marketing that has been influenced considerably by the availability of IT solutions, particularly large interactive databases, to enable companies to gather and maintain large amounts of data about individual customers and enable more individualized marketing. Customer databases and database marketing are the key to effective CRM

Database uses include:

- Identifying the best prospects
- Matching offers to customers
- Strengthening customer loyalty
- Re-activating customer purchasing

Relationship Marketing

This sees the concept of ongoing customer loyalty at the core of its customer relationship marketing strategy. The key aims are to ensure existing customers continue to purchase from them on a life-long basis

Stakeholder Audience

Sometimes, organizations concentrate solely on their customers, but there are other important relationships that should be considered. Typically, these groups are known as the stakeholder audience and include the following:

- *Internal markets* – If employees are treated as customers it should be possible to improve levels of customer service and quality

- *Influence markets* – These are any bodies or groups that influence, or have the potential to influence, the organization's operations. This includes government and regulatory bodies

- *Employee markets* – The recruitment, retention and succession of skilled staff are important to the continuing success of the organization and companies need HR strategies to address this

- *Supplier markets* – In recent years there has been a lot more emphasis on partnerships and alliances, and the synergy that is created from different forms of cooperative relationship

- *Referral markets* – This is where organizations refer potential customers to third parties

A Successful CRM Implementation Strategy

■ **Knowledge Management**: At the heart of a CRM implementation is the acquisition of information about a customer, its analysis, sharing and tracking. Employees need to know what to do with this knowledge

■ **Database Consolidation**: The consolidation of customer information in a single database and the re-engineering of business processes around the customer. All interactions with a customer need to be recorded in one place to drive production, marketing, sales and customer support activities

■ **Integration of Channels and Systems**: Customers should be able to interact with a company through the former's channel of choice. The aim is to integrate all communication channels with the customer database

■ **Technology and Infrastructure**: Tools exist to automate and streamline online customer service, but there is a need to ensure that the technology infrastructure is able to cope with increased volumes

■ **Change Management**: CRM involves a change in philosophy and attitudes. A process for managing change is needed to help a company move from a product centric to a more customer centric focus

Hints and Tips

- Where possible, include examples from the marketing press, textbooks, journals and Internet to support your examination answers. This is one way of demonstrating your wider knowledge and understanding

- Examples that illustrate the way that theory relates to practice will demonstrate a broader knowledge and understanding of marketing

- Reports from examiners reveal similar concerns and problems. The most common mistakes are caused by a lack of exam technique and examination practice

- Not answering the question set. Examiners are looking for both relevant content and its application in an appropriate context. You must be able to work flexibly with the material you have studied, answering different questions in different ways

- Presentation and style. The examiners expect work to be presented in a well-written, professional manner. 'Report' style, using sub-headings and indented numbering for points, etc. The scarce resource in an examination is time. Read the instructions carefully, identify what has to be done and how the marks are allocated. Spread your time proportionately to the mark allocation

Go to www.cimvirtualinstitute.com and www.marketingonline.co.uk for additional support and guidance

RECRUITING THE TEAM

LEARNING OBJECTIVES

➥ Describe the functions, roles of marketing managers and typical marketing jobs and the nature of relationships with other functions in organizations operating in a range of different industries and contexts. This objective was also partly covered in the previous unit

➥ Identify and explain the key challenges of managing marketing teams in a multi-national or multi-cultural context

➥ Explain how you would use the techniques available for selecting, building, developing and motivating marketing teams to improve performance

➥ This last objective is partly dealt with in this unit and also in the following unit. In this unit, the focus is more upon selecting the team

Syllabus Reference: 1.1, 1.3, 1.4

KEY DEFINITIONS

➥ **Cultural empathy**
An understanding of and a true feeling for a culture

➥ **Cultural environment**
Institutions and other forces that affect society's basic values, perceptions, preferences and behaviours

➥ **Cultural universals**
Cultural characteristics and attributes that are found in a wide range of cultures; that is, features that transcend national cultures

➥ **Culture**
The set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions

➥ **International division**
A form of international marketing organization in which the division handles all of the firm's international activities. Marketing, manufacturing, research, planning and specialist staff are organized into operating units according to geography or product groups, or as an international subsidiary responsible for its own sales and profitability

➥ **International market**
Buyers in other countries, including consumers, producers, resellers and governments

➥ **Team selling** Using teams of people from sales, marketing, production, finance, technical support, and even upper management, to service large, complex accounts

Teams

- A number of factors are contributing to an increasing emphasis on teams, including the increasing availability and affordability of Information and Communication Technology (ICT) and demands for making work more flexible by reducing its dependence on location

- Many organizations have flattened their structures and delegated responsibility in order to cut costs and to utilize the skills of the workforce more effectively. Shifting authority and responsibility down the organization allows teams to take over roles and functions previously performed by management

- There are also changes in relationships – among employees, between employees and employers, and between all kinds of organizations and their customers and business partners

- More and more work is performed in new ways, so as to exploit the possibilities of cooperative work across national boundaries and time zones

- Many tasks are too complex for individuals to handle alone and teams are potentially more effective in solving problems and learning more quickly than individuals

- When a team works well, it can improve problem-solving, become more creative and generate acceptance, support and commitment. However, teams can also be inefficient, indecisive and frustrating

Team Types

- Natural work group
- Management
- Project improvement
- Process redesign or re-engineering
- Cross-functional, e.g. design and production include people of various skill levels from the organization
- New product and service design teams

Sales teams which can consist of one or a mix of the following:

- Field sales people
- Sales engineers
- Sales technicians
- Office sales staff
- Sales manager
- Export sales force

Marketing research teams which can consist of, for example

- Market analysts
- Market researchers
- Interviewers

Product management teams, for example

- Research and development engineers
- Design engineers
- Packaging and design

Who Does a Product Manager Work With?

Product Manager

- Media
- Advertising Agency
- Promotion Services
- Packaging
- Purchasing
- Publicity
- Sales Force
- Finance
- Legal
- Manufacturing and Distribution
- Publicity
- Market Research
- Research and Development
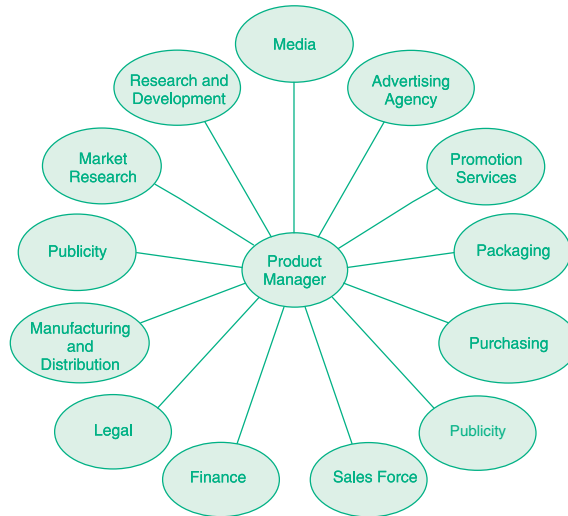
Team Advantages

- However, teams should be more effective because they enable the collective talents of people to be brought to bear on issues, problems and situations

- There are synergies that can be derived from working together that can produce efficiency and effectiveness. A marketing campaign is more effective if people in the organization are working together to ensure that it is integrated with schedules for production, operations, sales and merchandising

- All parts of an organization should have a common focus and work together purposefully to pursue the organization's overall objectives. In practice, however, relationships between different parts of an organization can be characterized by rivalry and distrust

- This can affect all types and sizes of organization and give rise to what is often referred to as office politics, or 'the informal and sometimes emotion-driven process of allocating limited resources and working out goals, decisions and actions in an environment of people with different and competing interests and personalities'

What are Effective Teams?

Mike Woodcock identified a number of characteristics in his Team Development Manual, as follows:

- *Openness and confrontation* – Where the team is working well, people can express themselves openly and confront mistakes, confusions or frustrations
- *Support and trust* – Trustful working relationships stem from positive orientations to others.
- *Cooperation and conflict* – Helpful competition can stimulate ideas and energy, but unhelpful competition and hidden agendas need to be avoided
- *Sound procedures* – Effective teams need sound procedures for calling meetings, drawing up agendas, managing meetings, ensuring that follow-up action is implemented
- *Appropriate leadership* – The team leader has to focus on the task, the team and the needs of individuals, ensuring that the team works effectively and efficiently
- *Regular review* – A team regularly reviews where it is going and focuses on issues such as: Are we achieving our objectives? Are we being effective? How well are we working together?
- *Individual development* – Members' needs for growth, all-round ability, satisfaction of needs, opportunity and experience need attention
- *Sound inter-group relations* – Effective teams have good relationships with other departments/teams. Each values and respects the other

Virtual Teams

■ A virtual team is a group of people who are working together, even though they are not all in the same geographical location. The team members use e-mail, video-conferencing and telephone more often than face-to-face meetings to communicate with each other

■ Virtual teams face both the same challenges that traditional teams do and some unique ones, such as those relating to communication technologies and working at a distance

■ Difficult areas for dispersed teams include coordination and collaboration, and dealing with conflict and performance problems when team members cannot be observed directly

Seven things virtual teams can do to work better:

■ Have face-to-face meetings with all the members as soon as possible after the team is formed

■ Find ways of building trust between the team members

■ Clearly define goals, roles and tasks

■ Ensure all team members are trained in cultural awareness and interpersonal skills

■ Encourage informal communication between team members

■ Set standards for responding to communications frequency, and acceptable times to call those in different time-zones

■ Rotate the team members

Managing Diversity

- The trend towards a global economy is bringing people of different ethnic and cultural backgrounds together. The development of greater intercultural understanding should be an important element in all organizations because of the nature of the societies in which we live, the markets in which organizations operate, and the customers and clients that are served

- Organizational culture encompasses the shared values, beliefs, behavior and background of people, and includes race, gender, sexual orientation, age, or disability

- Ethnocentricity is the inclination for majority group members to view their beliefs, behaviours and values more positively than those of other minority 'out' groups and to evaluate the latter's beliefs, behaviours and values negatively from the perspective of the majority group

- The members of virtual teams often include people from different countries, cultures, disciplines, or organizations. Such differences mean that people have different expectations; for example, about how things should be done or said, or how people should behave. This can make it difficult to build and maintain trust and personal relationships between the team members

Cultural Differences

- Geert Hofstede developed four different axes for measuring cultural factors and found considerable differences from one nation to the next
- *Individualism dimension* – Individualism and the collectivist approach. Whether or not a culture allows scope for individual or group-centred issues to be addressed
- *Power distance dimension* – High or low power distance. Whether or not the culture encourages 'superiors' to dominate and exert power and authority
- *Uncertainty avoidance dimension* – Strong uncertainty avoidance – Weak uncertainty avoidance
- The ease with which the culture copes with novelty and change
- *Masculinity dimension* – Are gender roles clearly differentiated, or is it an equal status country?
- Hofstede's data revealed an Anglo culture of management based on high individualism, low to medium power distance between bosses and their subordinates, low to medium uncertainty avoidance and high masculinity. However, there are also considerable differences within Anglo cultures

Recruitment and Selection

- The process involves clearly defined stages and the use of a systematic approach should ensure that you don't overlook anything important and, significantly, it will reduce the area of subjective judgement where people's biases, prejudices and weaknesses can creep in

- Natural justice – there is the obvious point that everyone needs to be treated fairly and equitably. One of the most depressing situations that can arise in organizations is when people are denied opportunities for reasons beyond their personal control, such as their age, ethnicity, disability or gender. This may deny the organization the opportunity to appoint the best candidate

- Other weaknesses in the recruitment process can mean that weak or unsuitable people may be appointed on superficial criteria

- There are legal, recruitment and poor public relations consequences that can follow if a recruitment process is flawed. Who the best candidate for a post is depends on the nature of the job, the people with whom the person will need to work with and interact, and the context in which the work is carried out. It is a matching process

Advertising and the Use of Agencies

Advertising is a major marketing activity and marketers use agencies regularly. The concepts of positioning, segmentation and targeting apply just as much to recruitment as to any other form of advertising. The agency's job is to translate your needs into short-listed candidates. The aim is to design an advert so that only those who have a realistic chance of being successful apply for the position. It is as important for unsuitable candidates to rule themselves out as it is to encourage eligible people to apply. Having a large field of candidates is of little use if many of them would stand little chance of being appointed

Job Description

A job description is the focus of any employee's relationship with the employer. In establishing what the job is, the manager provides the foundation for all the stages of recruitment, selection, training and appraisal that follow. The job description describes the tasks and responsibilities which make up the job. As well as being a pre-requisite to the recruitment process, it provides a standard against which the performance and development needs of the post-holder can be assessed. It also enables the department to focus on the characteristics of the post rather than those of the previous occupant

The Person Specification

■ The person specification forms the basis of the recruitment process from the advertisement through to the final interview stage. It describes the skills, aptitudes and experience needed to do the job and should be based on the job description, rather than a subjective view of the sort of person you would like to see filling the job. Generally, person specifications are laid down under standardized headings

Group Interviews

■ Employers may bring several candidates together in a group situation to solve a problem. These may be aimed at testing your ability to work in a team environment or other interpersonal or problem solving skills. It is difficult to prepare for this type of interview, except to remember what is being tested and demonstrate team member or leadership skills

Panel Interviews

Panel interviews can provide a better picture of a candidate than a one-on-one interview. There is more chance to think about a candidate's responses because the interviewer is more of an observer than a participant. This increases the validity of the assessment. In most one-on-one interviews, the interviewer is often thinking about what question to ask next, rather than listening to a candidate's answer

■ Interviewers don't judge answers as much during the response, because others are asking for clarifying information

■ More in-depth responses are possible

■ More of the candidate's personality is revealed in a panel interview, especially if most of the questions are about how accomplishments were achieved

■ Panel interviews save time. It takes only three or four people one to two hours to know a candidate, rather than a whole day

Psychometrics

- These tend to measure current or potential skills levels, or personality profiling, which shows work styles and preferences and can be used to assess how well candidates will fit in to the organization. Psychometric testing describes a range of exercises used by employers to find out about an individual's aptitude or personality. They usually form part of an overall selection process

- Ability tests may consist of one or more of numerical, verbal reasoning, spatial awareness and diagrammatical reasoning. Those used depend on the type of role for which someone is being assessed. Verbal and numerical tests are used in selecting graduates for a wide range of jobs, including most business and management functions. Diagrammatic tests are used mainly for computing/IT jobs. The earlier in the selection procedure candidates are asked to sit a test, the more important the results are likely to be to the outcome

Assessment Centre Approach

- One of the advantages of assessment centres is that it allows key job behaviours to be directly observed and measured. An assessment centre is a programme that organizes a range of tests for a group of candidates. The rationale for the approach is that multiple assessment techniques are more valid and reliable, compared to single-method approaches such as interviews and personality questionnaires

- Assessors have to demonstrate the capability to observe and record the behaviour of candidates. Video is frequently used to aid assessors in gathering behavioural information. Assessors also need to be able to integrate information from various exercises, to discuss the ratings with fellow assessors and to be able to compare candidate performance

Online recruitment

- An employer web site may be used as the mechanism for communicating details of job opportunities, as well as collecting the data that an organization requires from candidates

Hints and Tips

- The lack of ability/necessary expertise of team members is one of the reasons why projects fail. It is important to select team members carefully

- You need to know about different strategies for selecting the right people for the right team by identifying knowledge, skills and other essential attributes required

- The module emphasizes the importance of developing positive working relationships within the marketing team using effective communication

- You are not expected to be an expert on methods of recruitment, but show that you know the basic principles that underpin the recruitment of members of a team and what can be done to maximize the chances of achieving a good fit between team members and the roles and tasks that need to be performed

- You should show an awareness of modern work practices, for example, the use of online teams and international teams and the implications of this for recruitment and teambuilding

Go to www.cimvirtualinstitute.com and www.marketingonline.co.uk for additional support and guidance

DEVELOPING THE TEAM

LEARNING OBJECTIVES

➤ Explain how you would use the techniques available for selecting, building, developing and motivating marketing teams to improve performance. This objective was partially covered in the previous unit

➤ Allocate and lead the work of marketing teams, agreeing objectives and work plans with teams and individuals

➤ Evaluate individual and team performance against objectives or targets, and provide constructive feedback on their performance

Stages of Team Development (Tuckman, B.W., 1965)

Forming

Polite but not yet trusting. Formalities are maintained and members are treated as strangers. Everyone is a bit wary of each other, particularly if they do not know anyone and particularly if the manager is new

Storming

Testing others. Members start to communicate their feelings but probably do not yet view themselves as part of the team. Most groups go through a conflict stage, when initial consensus on purposes, leadership, norms of behaviour and work, is challenged and re-established

Norming

People feel a part of the team and realize that they can achieve work if they accept other viewpoints. Norming is characterized by acceptance. The group needs to establish norms and practices. When and how it should work, how it should take decisions, what type of behaviour, what level of work, and what degree of openness and trust

Performing

The team works in an open and trusting atmosphere, where flexibility is the key, and hierarchy is of little importance. Not every team makes it to this stage. At the performing stage, team members are focused on team goals and are aware of the strengths and weaknesses of the team.

Transactional Marketing

Whilst transformational leadership does appear to chime in with contemporary developments in organizations, there is also a need for transactional leadership. In marketing, the term transactional marketing is often contrasted with relationship marketing

■ Transactional marketing emphasizes the exchange of product for money. It focuses on the individual sale, promotes product features and places relatively little emphasis on customer service

■ Relationship marketing, on the other hand, focuses on product benefits and is geared toward long-term retention of customers

■ Transactional marketing is a relatively low cost way to go to market, because there is no need to invest a great deal of time or money in sales people and support personnel. Its main disadvantage is that it generates little customer loyalty. If customers have a bad experience or perceive a marginally better deal elsewhere, they are quick to leave

■ Relationship marketing requires a greater investment in sales and service resources, and is more complicated to implement. The pay-off is that customers are more loyal and less likely to jump to a competitor on a whim

Table 3.1   **A Comparison of Transactional and Relationship Marketing**

	Transactional marketing	Relationship marketing
Purpose	Make a sale (close a deal)	Create a customer
Status of sale	Sale as end result	Sale as beginning of relationship
Business defined by	Products	Customer relationship
Status of price	Price as input	Price as outcome of negotiations and joint decision-making
Communication	Aimed at aggregates of customers	Targeted and tailored
Marketer valued for	Products and prices	Present and future problem-solving capability
Objective	Increase number of customers and sales	Satisfying existing customers and retaining them
Buying orientation	Procurement orientation	Supply management orientation
Process	Discrete transactions	Repeat transactions

	Transactional marketing	Relationship marketing
Relationship	Arm's-length, often adversarial relationship; Distributive negotiations, focus on price	Management of external resources
Buyer influence	Little, if any, input concerning to what, when and what quantity to acquire	Draw upon resources of suppliers to gain quality improvements and cost reductions (TQM, JIT)
Focus	Minimizing price paid	Reduce total costs associated with use of product/service
Central objective	Obtain best deal in terms of price, quality, availability Maximize power over suppliers Avoid risk wherever possible	Improve productivity by: Improving quality Reducing total costs Cooperating with suppliers

Team Leadership

John Adair's (Adair, J., 1988) Action-Centred Leadership model is based on three parts:

- Defining the task
- Managing the team or group
- Managing individuals

Marketing tasks

These could include:

- Identifying market conditions
- Identifying segments to target and buyer behaviour
- Identifying competitive responses to customer needs and their competitive position
- Designing products/services that match customer needs
- Designing integrated marketing communication activities that educate and motivate internally, and that generate awareness and stimulate interest and action externally
- Building, maintaining and protecting the brand and competitive position
- Coordinating the delivery of value to customers

	Key Functions	Task	Team	Individual
Communication	Define objectives	• Clarify task • Obtain information • Indentify resources and constraints	• Assemble team • Give reasons why • Define accountabillity	• Involve each person • Gain acceptance
	Plan & Decide	• Consider options • Establish priorities • Plan times	• Consult • Encourage ideas • Agree standards	• Listen • Assess abilities • Delegate • Agree targets
	Organize	• Establish control • Brief Plan • Obtain feedback	• Structure • Answer questions • Prepare and train	• Check understanding • Counsel • Enthuse
	Control & Support	• Maintain standards • Report progress • Adjust plan if necessary • Set personal example	• Coordinate • Maintain external cooperation • Relieve tension	• Guide and encourage • Recognize effort • Discipline
	Review	• Evaluate results against objectives • Consider action	• Recognize team's success • Learn from setbacks	• Appraise performance • Identify further training needs • Aid personal growth

Motivation

- One of the best known theories is McClelland's motivational theory (McClelland, D. et al., 1953) which is based on three types of motivational need that are found in varying degrees in all workers and managers
- **Achievement motivation** – The 'achievement motivated' person seeks attainment of realistic but challenging goals and advancement in the job
- **Authority/power motivation** – The 'authority motivated' person needs to be influential and effective to make an impact. There is a strong need to lead and for their ideas to prevail
- **Affiliation motivation** – The 'affiliation motivated' person has a need for friendly relationships and is motivated towards interaction with other people. The affiliation driver produces motivation and needs to be liked and held in popular regard. These people are team players
- Most people possess and exhibit a combination of these characteristics. Some people exhibit a strong bias to a particular motivational need and this affects their behaviour and working/managing style

McClelland suggested that for Achievement-Motivated People:

- Achievement is more important than material or financial reward.
- Achieving the aim or task gives greater personal satisfaction than receiving praise or recognition
- Financial reward is regarded as a measurement of success, not an end in itself
- Security is not the prime motivator, nor is status

- Feedback is essential, because it enables measurement of success, not for reasons of praise or recognition (the implication here is that feedback must be reliable, quantifiable and factual)
- Achievement-motivated people constantly seek improvements and ways of doing things better
- Achievement-motivated people will logically favour jobs and responsibilities that naturally satisfy their needs, i.e. offer flexibility and opportunity to set and achieve goals, e.g. sales and business management, and entrepreneurial roles

McGregor XY Theory
(McGregor, D., 1960)

Achievement-motivated people tend towards X-Theory style, due to their high task focus

Theory X Assumptions:

- People inherently dislike work
- People must be coerced or controlled to do work to achieve objectives
- People prefer to be directed

Theory Y Assumptions:

- People view work as being a natural activity
- People will exercise self-direction and control towards achieving objectives to which they are committed
- People learn to accept and seek responsibility

Hertzberg Motivators and Hygiene Factors (Hertzberg, F. et al., 1959)

- Hertzberg concluded that factors such as company policy, interpersonal relations, working conditions and salary were hygiene factors rather than motivators

- The absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction. In contrast, motivators are elements that enriched a person's job

- Five strong determiners of job satisfaction are achievement, recognition, the work itself, responsibility and advancement. Motivators (satisfiers) were associated with long-term positive effects in job performance, while hygiene factors (dissatisfiers) produced only short-term temporary changes

- Satisfiers describe a person's relationship with the tasks being performed. They relate to what a person does

- Dissatisfiers are concerned with a person's relationship to the context or environment, i.e. they relate to the situation in which the person does what he or she does

- A manager may not be able to easily influence all the hygiene factors of a person's job, but he or she can have an influence on many of the motivators

Creating a Culture of Teamwork

- Leaders need to communicate the clear expectation that teamwork and collaboration are expected

- Leaders and managers model teamwork in their interaction with each other and the rest of the organization

- Teamwork is rewarded and recognized. The lone ranger, even if he or she is an excellent producer, is valued less than the person who achieves results with others

- The performance management system needs to emphasize and value teamwork

- Often 360 degree feedback is integrated within the system

- Teams need to be formed to solve real work issues and to improve real work processes

- Hold department meetings to review projects and progress, to obtain broad input, and to coordinate shared work processes

- Celebrate group successes publicly

Methods of Employee Development

- Job rotation
- Secondment
- Special assignments
- Task delegation
- Sitting by Nellie
- Coaching
- Guided reading and practice

Learning Experiences

- Planned experiences outside department
- Additional responsibilities
- Problem solving groups
- Quality circles
- Special projects
- Developing new activities
- Coaching
- Mentoring

Conflict in Organizations

Some strategies for dealing with conflict

Non-verbal alert – Non-verbal behaviour can be an early warning sign of conflict. Ask people to verbalize their feelings wherever possible

Team development phase – See the Tuckman forming, storming, norming, performing model above. Sometimes conflict is predictable because that is what happens at one particular phase of group development

Resort to authority – This means bringing in someone using a legitimate power base (and perhaps other power bases) to lay down the law

This may be necessary if team members are playing destructive roles.

Planning – Planning techniques, such as task scheduling, timelines and project diaries and meetings may provide an authoritative and neutral way of sequencing tasks to be performed by different individuals or sub-groups, thus reducing potential for conflict

Use communication skills more effectively – Sometimes it is best to utilize what you know about good communication skills. Try to control destructive role-playing. Acknowledge individuals by praising their input

Management Development

Torrington and Hall (1998) show that management training and management development can be differentiated in four important ways. Management development is a broader concept. It is more concerned with developing the whole person rather than emphasizing the learning of narrowly defined skills

■ Management development emphasizes the contribution of both formal and informal work experiences

■ The concept of management development places a greater responsibility on managers to develop themselves than is placed on most employees to train themselves

■ Managers are developed as much for jobs they will be doing as for jobs that they are doing. Both the managers and the organization benefit from this approach

Mentoring

Mentoring can be provided in various ways but its aim is to develop people and organizational effectiveness. The individual participating must see the issue involved as important

■ It must involve some analysis

■ It must involve some aspect of creativity

■ There must be practical application of the suggested improvement

Coaching

Coaching is a learning opportunity and individual learning preferences need to be considered as part of this. To be an effective coach, the team leader needs to build trusting relationships. Focused listening is one of the most important skills for establishing such a relationship

There are three levels of understanding and skill required for effective coaching:

- Recognizing managerial situations as opportunities
- Creating an effective learning process
- Establishing an acceptable helping relationship

Some of the skills needed for coaching

- Communication: listening skills, e.g. active listening, reflective listening, open listening
- Appropriate questioning strategies
- Giving feedback
- Negotiating and agreeing objectives
- Analytical skills, evaluative skills – ability to reflect and learn from experiences and encourage others to do this

Performance Management

- The performance management process usually begins with an analysis of the job. Standards of minimum acceptable performance are developed and standards for performance which exceed expectations may also be set to encourage the employee to strive for even better results

- Performance management is based on a systematic approach to improving individual and team performance, in order to achieve organizational goals. It encompasses processes that aim to improve the performance of both the individual and the organization, by, for example, coaching and encouraging the individual, by ensuring that the organization learns from the process and by providing a means of aligning the interests of the individual with those of the organization

- It is concerned with creating a shared vision of the purpose and aims of the organization, helping each employee to understand and recognize their part in contributing to achieving them

Evaluation of Team Performance

- When a team approach to work is in place, the focus of performance management is on the accomplishments of the team, as well as the individual's contributions to those accomplishments

- Team performance standards refer to skills which make employees effective team members, as well as the standards expected of individuals

- The ability to provide effective observation and feedback is important, because it is through observation that areas for improvement can be identified and the team made aware of them

- Performance standards and statistical data, relating to the achievement of objectives and targets, help in providing 'objective' feedback

- When the basis for appraisal is the performance of individual team members, the incentive to work effectively with other team members may be missing

- The main issues relate to the variety of reporting relationships and degree of independent responsibility that teams may exercise, as well as the need to reinforce team values and efforts without undermining individual responsibility

Giving Feedback

Constructive feedback

- Feedback is a way of learning more about ourselves and the effect our behaviour has on others. Constructive feedback increases self-awareness, offers options and encourages development

Start with the positive

- Most people need encouragement to be told when they are doing something well.
- Be specific
- Try to be specific about particular examples of behaviour that is not acceptable

- Give feedback about something that the person can change
- Offer alternatives
- If you give negative feedback, suggest what the person could have done differently
- Be descriptive rather than evaluative
- Leave the receiver with a choice

  Feedback which demands change may meet with resistance. Skilled feedback offers people information about themselves in a way which leaves them with the choice about whether to act on it or not

Hints and Tips

Training Needs Analysis

- What are the needs of the business?
- What are the short, medium and long term strategies?
- What are the performance gaps?
- Which are best met by training?
- What type of training?
- How can the effectiveness of training be evaluated?

Training Plan

Training required

- Number of people who need to be trained
- Time scale
- Resources available
- Budget
- Assessment of learning

Training Methods

- On the job
- Off the job
- Formal
- Informal

Evaluating Training

- Reaction level evaluation, usually questionnaire
- Checking learning has been transferred to the workplace
  - questionnaire
  - quiz
  - observation
  - interview2
  - report

Go to www.cimvirtualinstitute.com and www.marketingonline.co.uk for additional support and guidance

PROJECT MANAGEMENT

LEARNING OBJECTIVES

➤ Describe the main stages of a project and the roles of people involved at each stage
➤ Describe the main characteristics of successful and less successful projects and identify the main reasons for success or failure
➤ Explain the importance of, and techniques for, establishing the project's scope, definition and goals
➤ Use the main techniques available for planning, scheduling, resourcing and controlling activities on a project
➤ Explain the importance of preparing budgets and techniques for controlling progress throughout a project, to ensure it is completed on time and within budget
➤ Explain the main techniques for evaluating the effectiveness of a project on its completion

- ➥ Critical path – The series of tasks that must be completed on time for a project to finish on schedule. Each task on the critical path is a critical task; any delay to it would delay the project's schedule
- ➥ Critical path analysis – A method for scheduling when tasks will happen. Comprising of a forward pass and a backward pass, it determines how quickly and how slowly the tasks can be accomplished
- ➥ Gantt chart – A graphical representation of the project's current schedule. It will often contain bars for normal tasks, summary tasks, milestone tasks, and slack values. Gantt charts are also referred to as Bar Charts as they depict task bars against a timescale
- ➥ PERT analysis – Is a simple form of quantitative risk analysis and can be applied to a schedule to help estimate the duration of a task.
- ➥ Product, deliverable or outcome – Terms used to describe everything that the project has to create or change, however physical or otherwise these may be. Results of projects can vary from physical items, such as buildings, to intangible things, such as culture change
- ➥ Project definition – What a project will deliver and how it will be judged

What is a Project?

Project Management

- It should be collaborative
- The methodology should be capable of being applied to any project
- It should be results oriented
- It should be easy to use

Stages of a Project

Project definition

This is the stage where objectives, assumptions and constraints need to be identified, so that everyone can be clear about the basis on which the project will proceed

Projects have three elements:

- Budget
- Schedule
- Deliverables

The aim of project management is to ensure the effective scheduling of tasks and use of resources to deliver the objectives of a project on time, within cost constraints and with outcomes that meet the needs of the end-users

Determine project scope

Determining the scope of the project helps to clarify objectives and set the boundaries of the project. It is often useful to state limitations, i.e. what the project will not cover

Project Brief

A project brief should take the objectives and translate them into targets and goals. Any key constraints should also be identified and stated at this stage

A project brief will identify:

■ **Objectives** – Why you are doing it, as listed in the client requirements definition, the business benefits that the project will provide when it is completed – often broken down to three basic project objectives: Time, Cost, and Quality

■ **Scope** – Project boundaries

■ **Deliverables** – What it will provide

■ **Accountability** – Success criteria

■ **Constraints** – Question of how would you know if your project had been successful

■ **Assumptions** – Listed unknowns about the project

■ **Resources**

■ **Key personnel** – Who is responsible for what? Who are the stakeholders?

■ **Objectives** – Three basic objectives that a project must meet to ensure its successful conclusion:

Time

Cost

Quality

Scheduling the Project

The aim is to ensure that resources are available when they are needed. This needs to be checked before building a project plan

Creating a cost schedule

This phase is primarily concerned with attaching a timescale and sequence to the activities to be conducted within the project

Resource conflicts

If resource demand exceeds supply, this is known as a resource conflict and needs to be resolved. An assignment is the relationship between a task and a resource

Milestones

Milestones – measurable objectives that signal the completion of a major deliverable and indicate that you have reached a significant point in the project.

Strategic

Strategic information would normally be provided for and by key stakeholders

Tactical

Tactical information would normally be shared between the project manager and members of their workgroup

Budgeting

The control process

Monitoring and controlling effectively contains four key activities:

- Development or adjustment of marketing objectives
- Setting of performance standards
- Evaluation of performance
- Corrective action

The first stage in the process after setting the objectives, by which performance will be measured, is setting performance standards

- Performance standards are principally the level of performance against which actual performance can be compared. In the main, performance standards are presented in the form of budgets
- There are a number of methods of measuring performance overall, such as performance management. This consists of reviewing performance, giving feedback and, if necessary, re-examining and re-setting objectives and targets

Variance analysis

- One of the main things that control is likely to expose is constant variances from the planned budget. Variance analysis compares a planned budget with an actual budget and seeks to explain any variations from what has been planned

Management of Projects

The role of the project manager falls into three areas:

- Management of stakeholders
- Management of the project life cycle
- Management of performance

Management of stakeholders

Stakeholders' interests must be monitored to ensure that their:

- Interest and support is maintained
- Views and ideas are being adequately reflected in the project development
- Personal success criteria are being pursued and achieved

Management of the project life cycle

Feedback systems need to be set up to monitor key areas

Management of performance

- How to get the best out of the team when they are together
- Ensuring people work when the team is apart
- Disseminating information and keeping everyone informed is important
- Ensuring continuing commitment by the team
- Communicating change to team members quickly and effectively

Project Evaluation

The main reasons for project evaluation and feedback are:

- To ensure that the project remains on track
- To confirm whether the project meets user needs
- To determine whether the project delivers value for money
- To transfer the knowledge and any lessons from one project to other projects

Post Project Review

A Post Project Review is performed by a project team, at the end of the project's life cycle, to gather information on what worked well and what did not, so that future projects can benefit from that learning

Outputs and outcomes

It is often possible to identify outputs during and not long after a project has ended. Outcomes take longer to assess because objectives can be long term. Implementation of outcomes-based monitoring can be difficult

The Post Implementation Review/Post Project

Review

The purpose of the Post Project Review is to find out whether the expected benefits of the project have been realized, and if lessons learned from the project will lead to recommendations for improvements

Fitness for purpose checklist:

- Are all benefits mentioned in the Project Brief and is the Business Case covered?
- Does it describe each achievement in a tangible, measurable form?

- Are there recommendations in any case where a benefit is not being fully met, a problem has been identified, or a potential extra benefit could be obtained?
- Has this been conducted as soon as the benefits and problems can be measured?
- Was this scheduled in the project/programme plan?

Project review checklist

- When the project was complete, did the project outcomes meet user requirements without additional work?
- How close to scheduled completion was the project actually completed?
- What factors enabled the team to stay on schedule?
- What factors caused delays?

Hints and Tips

Key summaries:

Project Management – Criteria for success

- Customer satisfaction – expectations need to be managed
- Organization satisfaction – e.g. profit, development of capability
- Team learning – can lessons be learned and taken forward to other projects?

Planning, scheduling and resourcing

- Project plan
- Who – right skill base
- How – interim deliverables/sub-projects
- When – schedule of delivery
- How much – cost

Controls

- Project team meetings
- Issues lists
- Regular reviews
- Team member accountability
- Milestones
- Scheduling
- Stakeholder meetings

Post-project Evaluation

- Customer and stakeholder evaluation
- Review final report with project team
- Record lessons learned
- Review final report with sponsor
- Celebrate success

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MANAGING CHANGE

LEARNING OBJECTIVES

Factors Driving Change

For any organization this can be analyzed using the PESTLE tool

External issues

- Political
- Economic
- Sociological
- Technological
- Legal
- Competitive pressures

Internal issues

- Retention or gain of competitive advantage
- Cost-savings
- New senior management

The macro-environment

This includes all factors that can influence an organization, but that are out of their direct control. It is continuously changing, the company needs to be flexible to adapt. There may be agressive competition and rivalry in a market

The micro-environment

This environment influences the organization directly. It includes suppliers, consumers and customers, and other local stakeholders. Micro describes the relationship between organizations and the driving forces that control this relationship. It may be more of a local relationship, and the organization may be able to exert its influence

Preparing for Change

Internal marketing –

- Current attitude
- How big a change is needed
- Who are the 'influencers'
- How big is resistance likely to be
- Internal marketing mix
- Product, price, promotion, place

Creating an Environment for Change

- Encourage the right attitude
- Pilot scheme
- Develop a culture that is based on creativity and innovation

- 'Overnight' – out with the old and in with the new
- Provide appropriate recognition and rewards
- Encourage flexibility
- Variations on the above
- Foster employee involvement

Creating Major Change (Kotler 1996)

- Establish sense of urgency
- Create the guiding coalition
- Develop a vision and strategy
- Communicate the change vision
- Empower broad-based action
- Generate short term wins
- Consolidate gains and produce more change
- Anchor new approaches in the culture

The Internal Environment of the Organization

- The internal environment is as important for managing change as the external. Change is likely to be needed when, for example, responding to newly identified markets, or taking up the cost-saving opportunities offered by new technologies

Implications for marketing

- At the heart of change management lies the change problem. It might be large or small in scope and scale; it might focus on individuals or groups, on one or more divisions or departments, the entire organization, or on one or more aspects of the organization's environment. Problems may be formulated in terms of 'how', 'what' and 'why' questions

- Internal marketing is an important 'implementation' tool. It aids communication and helps to overcome resistance to change

- The marketer's skills are traditionally associated with the interface between organization and customer/consumer. But management also have a need to communicate with those within the organization – and those stakeholders associated with it.

Hints and Tips

- You need to be able to explain the sources and the nature of the changes affecting organizations
- You need to be able to apply knowledge of internal and external forces for change
- You need to be able to show how you would use internal marketing to support and create the right environment for change
  - How big a change is needed?
  - Who are the 'influencers'?
  - How big is resistance likely to be?
- Encourage the right attitude
- Develop a culture that is based on creativity and innovation
- Provide appropriate recognition and rewards
- Encourage flexibility
- Foster employee involvement
- Implement and manage change

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MARKET RESEARCH

LEARNING OBJECTIVES

Managing and delivering marketing research projects

- Design a research project aimed at providing information as part of a marketing audit, or for marketing and business decisions
- Manage a marketing research project by gathering relevant information on time and within the agreed budget
- Make arrangements to record, store and, if appropriate, update information in the MkIS, a database created for the purpose or another system
- Analyze and interpret information and present, as a written report or oral presentation, appropriate conclusions or recommendations that inform the marketing and business decisions for which the research was undertaken
  - Explain the concept of information and knowledge management, highlighting the role of marketing and employees within the organization
  - Give examples of the application of information and knowledge management
  - Design a research project aimed at providing information as part of a marketing audit, or for marketing and business decisions

Seven Stage Process to the Integrated Assessment

The integrated assessment requires students to be able to draw together different aspects of marketing as follows:

1. Design a research project to contribute to a marketing challenge
2. Gather and store information appropriately
3. Act on information by developing, implementing and controlling an operational marketing plan
4. Use the main techniques available for planning, scheduling and resourcing activities within the plan
5. Use marketing communications effectively with external audiences
6. Manage the customer service element of the plan
7. Use internal communications to manage change and help to implement the plan

This unit focuses on the information elements of a marketing plan.

Information

Information is needed about:

- customers,
- other organizations
- the marketing environment

Customers

Who are the customers? – what are their characteristics? – what are the main influences on what, where, when and how they buy or use a product or service?

Other organizations

Comparison of performance relative to other organizations

- Benchmarking is an example of this. A process of measuring and comparing an organization's business processes and achievements against process leaders and/or key competitors, to facilitate improved performance. It is concerned with demonstrating a commitment to continuous improvement and show that the organization is a learning organization

Marketing environment

- The environment consists of many influences that are beyond the power of organizations to shape and control, but have an impact on the organization
- Changes have to be monitored so that an organization can keep track of trends

Market Information System (MkIS)

Information underpins successful marketing and can be of strategic importance, as well as contributing to tactical and operational decision-making.

A typical MkIS comprises:

- **The Marketing Research System** – used for gathering information about specific issues that are of interest to a marketer, such as testing products and evaluating the success of communications strategies.

- **Marketing Intelligence System** – for example, published data, including government statistics, research reports, the national and trade press. A Market Intelligence System (MkIS) gathers and processes critical business information, transforming it into intelligence to support marketing decisions.

- **Decision Support System** – The tools needed to make sense of data, statistical packages, the intranet and other tools that help marketers make decisions.

- **Internal Records** – Sales records, account records, and other information that is available in the company. A MkIS can contain many different sources and types of information and, for example, it has a role in support of information gathering, evaluation, processing, dissemination, analysis, and control.

Relationship Marketing (RM) and Customer Relationship Management (CRM)

- Customer Relationship Management (CRM) is a subset of Relationship Marketing (RM) and focuses on the management of customer relations only.
- Relationship Marketing is a broader type of marketing, encompassing relationships with customers, suppliers and intermediaries, as well as strategies for the overall picture.
- Internal marketing can also be regarded as a sub-type of relationship marketing, focusing on the relationships within the company.

Knowledge management

- Knowledge management is concerned principally with how people are managed to collaborate and share their knowledge.
- Managing knowledge is concerned with developing a culture where people within the organization are willing to share knowledge, so that the organization can be successful.
- Knowledge Management is the process through which organizations generate value from their intellectual and knowledge-based assets. This involves sharing them among employees, departments and sometimes with other companies.

Why Ideas Do Not Travel Well

There are a number of reasons why good ideas that emerge in one part of an organization do not get picked up elsewhere. These include:

- 'What's in it for me?' To get people to transfer or take on a good idea there must be something in it for them, which could be recognition, thanks, career progression or learning.
- Competition between employees. Not working to help a colleague because it may present them in a favourable light and give them an advantage.
- The 'not invented here' syndrome: Why should I learn from people I don't know much about? How do I know that what worked there will work here?
- Lack of leadership: Many leaders do not spend any time promoting idea-sharing.
- Lack of time: This is often a way of saying 'not enough of a priority'.
- Failure to apply learning design expertise: Good ideas or business practices are turned into long documents that capture facts but do not help people learn.
- Lack of context sensitivity: Many organizations believe that what works well in one part of the organization can be applied without any modification in very different business environments.
- Underinvestment in facilitating knowledge transfer: Leaders may say that 'sharing best practice' is a priority but fail to give anyone the accountability or resources to make it happen.

"Dos" and "Don'ts" for Effective Knowledge Management

- Focus knowledge building on tools that justify the investment:
- In-house Yellow Pages: This connects inquirers to experts and experience you can use and can prevent the reinvention of countless wheels.
- Lessons learned: Insist that no project is complete until time has been spent providing insights into what went right and wrong and guidelines for others.
- Competitor intelligence: Organize a database of customers, competitors, and suppliers so that they are searchable and widely accessible, and in a consistent format.
- Use technology to its fullest, but do not use it in place of human contact.
- Deal with obstacles to sharing knowledge inside the organization.
- Get learning out of the classroom and into the marketplace. Action learning with project teams is a powerful way to learn.
- Speed up knowledge flows. Encourage interactions via e-mail, in-house training programs, cross-functional projects, and sharing best practices.
- Do not manage knowledge for the sake of managing knowledge.
- Leverage the knowledge you have. The most important function of knowledge management systems should be connection of people to people, of questions to answers.

Market Research

Market research is a way of finding out what people believe, want, need or do. Its most important role is to minimize risk by researching a product or service before it reaches the market.

Marketing research

Links the consumer, customer and public to the marketer through information used to:

- identify and define marketing opportunities and problems
- generate, refine, identify and evaluate marketing actions
- monitor marketing performance
- improve understanding of marketing as a process.

Market research

- specifies the information required to address these issues
- designs the method for collecting information
- manages and implements the data collection process
- analyses the results
- communicates the findings and their implications.

The term marketing research covers market research, marketing research, product research and research to support pricing, distribution and promotional activity. Market research is used to supply information about the market for particular products and services. Therefore, market research has a narrower focus compared with marketing research.

Primary Research

There are four main types of primary research:

- surveys
- observation
- experimentation
- simulation

Personal interviews

Benefits

- Interviewer can select a good quality sample
- Interviewer can interpret strange answers and ask for clarification
- The interviewer can classify interviewees to save time
- Longer questionnaires can be asked with this method
- Can use visual images.

Problems

- Costly
- Possible interviewer bias
- Possibility of fake interviews

Focus groups

This is one of the most frequently used techniques in marketing research

Benefits

- A wide range of ideas can be obtained
- In-depth understanding of consumer attitudes and purchase motivations may be obtained
- Ideal when managers are looking for ideas or need to clarify some details
- A certain synergy can be obtained from a group discussion that allows a deeper probing of issues
- Can use visual images
- Relatively easy to record (video and audio tape) for future analysis

Problems

- Costly
- Success is highly dependent on the skill of the interviewer and on the selection of the sample to attend the focus group
- Possible problem of domination of the group by a strong and forceful individual, which will result in group conflict, or only the views of the forceful individual, being obtained

Telephone surveys

Benefits

- Quick and easy to do
- Reach geographically dispersed sample
- Ease of sampling, for example, random digit dialling
- Complex routing through questionnaire is automated
- Low cost
- Possibility of recording to confirm that interview took place

Problems

- Method can only handle very short, simple questionnaires
- Sample obtained can be biased, depending on the type of people who are willing to complete a telephone interview
- Lack of access to households without telephones

Postal surveys

Benefits

- Low cost
- Ease of contacting geographically dispersed sample
- More complex questions can be asked

Problems

- Usually quite a low response rate
- The interviewee can misinterpret the questions
- It can take a long time to get back replies
- Minimal chance of interpreting the extent to which the respondent is answering truthfully4

Internet surveys

Benefits

- Very fast: instant analysis may be undertaken
- Very low cost
- Highly targeted
- Ease of contacting the sample

Problems

- Method can only handle very short, simple questionnaires
- Very limited potential for 'open' questions
- People with access to the Internet are not representative of the total population for all markets. They tend to be higher income and higher socio-economic groups. This is less of a problem for business-Internet surveys

Qualitative approaches

- Fewer people
- Deals with data difficult to quantify – concerned with 'why' rather than 'how many' or 'how often'?
- Concerned with attitudes and motivations.

Some of the more important criteria, when selecting research method include:

- Cost
- Speed
- Access to target population (including ability to sample the target population)
- Type of questions that can be asked
- Quantity of data
- Response rate

Observation

This is literally where the individual's behavior is monitored and recorded. One of the most popular applications of this technique recently is in researching in-store shopping. Consumer movement through the store is observed and recorded. Researchers have been able to classify individuals in supermarkets according to their speed of movement through the store, their willingness to scan the shelves for products and to divert from a pre-planned shopping list, where one exists

Experimentation

This is where the researcher attempts to establish causality between two factors by varying one factor and holding all other factors constant

Field experiments

Field experiments take place in a more natural environment. Researchers often change a factor in order to observe the influence on purchase quantity/sales revenue. Examples of experimentation in a retail environment include changing:

- shelf location
- price
- pack design
- sales promotion activity.

As each of these factors is varied, the researcher observes the effect on sales volume and on revenue.

Simulation

Simulation is where researchers build a model (usually a computer model) of an environment and use this as the basis for experimentation. Simulation is employed when a problem is judged to be too complex for ease of mathematical formulation. In building a simulation, the researcher sets the framework (parameters) of the model and, within that framework, the researcher or business manager may experiment.

Tracking studies

A tracking study may involve conducting a survey every month, or even every week, to establish and track consumer reaction. In such studies, advertising managers want to assess the peak level of response, such as awareness, and the rate at which this decays between advertising activity.

Data Collection

The most common approach to collecting information is the questionnaire. There are two main types of questions used in questionnaires: open questions and closed questions.

- Open questions are used when the researcher wants to explore some ideas. They gather ideas and attitudes but they are time-consuming to analyze and require knowledgeable analysts.

- Open questions invite facts and opinions, whereas closed questions seek either the answer 'yes' or 'no'.

The danger of using too many closed questions is that they prevent people from expressing views and restrict the flow of information

- Closed questions are most frequently used to count the number of people who exhibit a particular trait. Closed questions may include two (dichotomous) or more (multichotomous) options from which the respondent selects an answer.

- **Semantic differential scale**
  Semantic differential scale respondents are presented with a set of bipolar adjectives and asked to indicate the point on the scale which best describes the intensity of their feelings.

Online Research

Online research covers all Digital Interactive Media, including Digital TV, WAP and new entertainment technologies. Online research can be appropriate if the target market is visitors to a specific website or Internet-users in general – but it is still not a medium for general public surveys.

Internet research has an advantage for surveys among staff, employees and customers or subscribers to online services in any situation where the universe is known, and the e-mail addresses are available and up-to-date.

CAI

Computer Assisted Interviewing (CAI) involves the use of a computer to collect, store, manipulate and transmit data relating to interviews conducted between the interviewer and the respondent(s).

CAPI

Computer Assisted Personal Interviewing (CAPI) (personal interview by an interviewer using a portable computer at the home or business of the respondent) is one component of CAI. Other components include Computer Assisted Telephone Interviewing (CATI) and Computer Assisted Self Interviewing (CASI).

Online focus groups

An online focus group is essentially a formal chat session. A trained moderator leads a group of participants through a pre-determined discussion over the Internet.

Customer surveys

The Internet has made conducting surveys quicker and less expensive. Options range from do-it-yourself programmes to research services with screened panels.

Use patterns

An approach to quantitative research on the web is to look for visitor-use patterns, such as routes taken through your site, pages viewed, or ordering behaviour. By studying web logs, you can know which pages are most popular, how visitors navigate through your site, common entry pages, and where visitors often leave the site. You can also determine the number of different visitors to your site as well as the percentage of visitors converted to customers.

By using a traffic-analysis service or software (often available through your hosting service), you can streamline the process.

Quantitative research

Quantitative research is usually conducted via surveys or behavioural tracking. It is based on the principle that the characteristics of a randomly selected group of people will closely reflect the characteristics of the entire group from which the sample was taken.

The market research industry

The market research industry consists of hundreds of firms and consultancies. Each of these will have their own areas of specialization. The leading agencies, and many of the smaller ones, have directors and executives who are members of the Market Research Society.

Hints and Tips

- Sophisticated market research is costly, so it is important to conduct a cost benefit analysis of any proposal. No approach is perfect and the main choice is between knowing a lot about a little, or a little about a lot.

- You need to be able to show that you know the issue that needs to be decided when designing a research project aimed at providing information as part of a marketing audit, or for marketing and business decisions. On a practical level, you will need to be able to analyze and interpret information and present, as a written report or oral presentation, appropriate conclusions or recommendations that inform the marketing and business decisions for which the research was undertaken.

Go to www.cimvirtualinstitute.com and www.marketingonline.co.uk for additional support and guidance.

DEVELOPING MARKETING PLANS

LEARNING OBJECTIVES

- Develop an operational marketing plan, selecting an appropriate marketing mix for an organization operating in any context, such as FMCG, business-to-business (supply chain), large or capital project-based, services, voluntary and not-for-profit, or sales support (e.g. SMEs).

- Use the main techniques available for planning, scheduling and resourcing activities within the plan.

- Identify appropriate measures for evaluating and controlling the marketing plan.

- Review and evaluate the effectiveness of planning activities.

- The Marketing Management in Practice module is intended to give participants some practice in developing and implementing marketing plans at an operational level in organizations.

- A key part of this is working within a team to develop the plan and managing teams implementing the plan, by undertaking marketing activities and projects. Its aim is to encourage you to integrate and apply knowledge from all the modules, particularly as part of a team.

- The focus should be on implementing a marketing plan as a team activity and careful attention needs to be given to the issues surrounding the actual implementation of a plan.

Marketing Plan Components

Executive summary

- Introduce the organization
- Explain the major points of your plan
- Describe briefly the nature of the business and the products or services offered
- Include a mission or values statement and objectives
- List the structure of your organization and the senior management team
- Summarize the marketing objectives and strategies that are in the plan

Marketing audit

A good marketing audit is:

- **Systematic** – It follows a logical, predetermined framework; an orderly sequence of diagnostic steps
- **Comprehensive** – It considers all factors affecting marketing performance, not just obvious trouble spots. Marketers can be fooled into addressing symptoms rather than underlying problems. A comprehensive audit can identify the real problems.
- **Independent** – To ensure objectivity, outside consultants are used sometimes to prepare the marketing audit. Using outsiders may not be necessary, but having an objective auditor is important.
- **Periodic** – Many organizations schedule regular marketing audits because the environment for marketing is dynamic.

Marketing Analysis Tools

Analysis tools commonly used for this purpose are PESTLE, Porter's 5 force analysis, gap analysis, BCG matrix, GE matrix

Internal Marketing

- Internal marketing can be regarded as a subset of relationship marketing, focusing on the relationships within an organization.
- The successful development and implementation of a marketing plan means that, as far as possible, internal staff should be treated with the same care and consideration as external 'customers'. Internal marketing involves developing programmes of communication and guidance, targeted at internal audiences, to develop responsiveness and a unified sense of purpose.
- Every person working in an organization is both a supplier and a customer. Employees should be viewed as internal customers and their jobs as internal products or services.
- A key aim of an internal marketing plan is to motivate internal customers, so that they want and are able to meet the needs of the external market effectively and efficiently.

Internal Relationship Marketing Techniques

Internal marketing projects can be considered in four phases.

Understanding the nature of the internal market
An assessment phase that aims to find out the attitudes and beliefs of employees and managers towards each other, the company, customers, and marketing mix components.

Communicating with staff
A review of communications activities and their effectiveness, including a mapping of communications channels.

Developing the plan
Devising strategies for meeting the objectives of the internal marketing campaign.

Evaluation

Evaluating the success of the plan according to the set objectives.

Internal marketing can contribute to helping organizations achieve good relationships with their external customers.

The key success factors of internal marketing are:

Create an internal awareness of the corporate aims, objectives and overall mission

Determine the expectations of the internal customer

Communicate to internal customers

Provide appropriate human and financial resources to underpin the implementation of the strategy

Provide training in order that employees have the appropriate skills and competences

Provide a structure whereby cross-functional integrated teams across business units can work together

Provide the systems and processes that enable successful delivery of services and products, enabling employees to successfully implement them
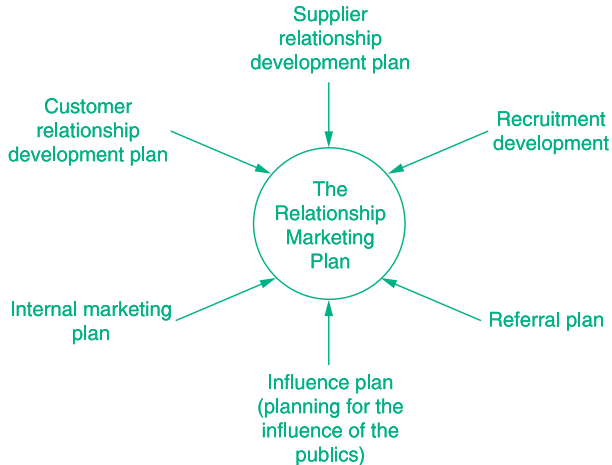
Maximize the opportunity for customer interaction through effective management of service levels

For internal marketing to be successfully implemented, a planned approach is essential to allow evaluation and measurement of the successful execution of a plan.

Relationship Marketing

- The principle upon which relationship marketing is founded is that, the greater the level of customer satisfaction with a relationship the greater the likelihood that the customer will want to stay with the organization.

- Relationship Marketing involves the understanding, focusing and management of ongoing collaboration between suppliers and customers, for mutual value creation and sharing through interdependence and organizational alignment.

- Successful relationship marketing means ensuring that everyone working in an organization is marketing oriented and customer-focused.

The Relationship Marketing Plan. Source: Adapted from Payne, Christopher, Clark and Peck (1998)

Supplier
relationship
development plan

Customer
relationship
development plan

Recruitment
development

The
Relationship
Marketing
Plan

Internal marketing
plan

Referral plan

Influence plan
(planning for the
influence of the
publics)

The Relationship Marketing Plan

- The linkages between each audience should be clear, and they should be directed towards the same overall purpose.

- An organization's internal and external markets are often interdependent and internal markets can be critical to achieve the effective implementation of strategies. Internal marketing can be costly and add significantly to planning costs.

- As organizations empower staff to focus their attention on developing and sustaining good customer relationships, there is a need to ensure that the training of staff is effective in supporting corporate objectives.

- The growth of part time work and outsourcing mean that there are potentially a large number of people that can have an impact on customer relationships and this means that communications need to reach a wider audience more frequently.

Marketing Strategy

- **Segmentation – targeting and positioning**
  The key area in the strategic section of the marketing plan will consider these issues. The corporate plan may indicate the markets in which the company will operate, but the marketing plan will consider the segmentation strategy, targeting and resulting positioning strategy. This will be linked to the branding decisions.

- **Marketing mix decisions**
  The strategy will inform the decisions in relation to pricing, product, place and the extended Ps – people, process and physical evidence.

  - **Product** – Describe your product or service in detail. Include product features and benefits.

- **Price** – Describe your pricing strategy and payment policies. There are a range of approaches to pricing strategies considering cost, volume and profit

- **Promotion** – Describe the promotional tools or tactics (a promotion plan) you'll use to accomplish your marketing objectives

- **Place** – Describe how and where you will place your product so that customers have access to it and how you'll make the sale – your sales and distribution methods

- **Action Plan** – Describe what will be done, when it will begin or be completed and who will accomplish the tasks

- **Budget** – List the cost of the marketing activities you are describing in the marketing plan

Monitoring and Control

Measurements – Describe the specific numerical targets that will be used to measure the results of implementing your plan.

- Control involves setting standards and comparing progress against them. Corrective action needs to be taken if it looks like the standards won't be met. Include time limits for achieving goals.
- The plan will need to identify the methods of monitoring and evaluating the plan. Decide which controls are important, how they should be implemented, and who should be involved.

- There are four main areas where control mechanisms should be considered within the marketing plan:

Management control – This includes areas such as performance appraisal for staff and the workforce, benchmarking procedures, etc. against other organizations.

Financial control – This includes financial controls which most companies are adept at calculating.

Efficiency control – Here, this area considers the optimum value from marketing assets.

Strategic control – The easiest method of control is to measure marketing activities against market performance or objectives set.

Monitoring and Control

Some organizations group their analysis into the following areas:

- **Financial analysis**
  This would include ratio analysis, variance analysis, cash flow monitoring, and capital expenditure monitoring.

- **Market analysis**
  This would cover analysis of total market demand and market share. Market share information may not be as easily obtainable, although most organizations have access to some means of measuring this.

- **Sales analysis**
  Analysis of sales targets and selling cost budgets. As with market share, this information may not be easily obtainable.

- **Physical resource analysis**
  This would involve analysis of plant and equipment utilization, together with other measures of productivity and product quality.

- **Systems analysis**
  The effectiveness of strategic implementation and analysis of marketing resource applications. Companies may benchmark best practice at different levels of the organization in a variety of ways.

Tracking Procedures

This section of the plans should include plans and procedures for tracking each type of media you are using and which seems to be the most effective

- **Display advertising** – With traditional consumer publications, tracking can be done through the use of different phone numbers, special offers (specific to that advertisement or publication), or reference to a specific department to call for information.

- **Direct marketing** – With postal mailings, tracking is relatively simple. Include on the mailing label a code (called a key code or a source code) that corresponds with the mailing list. For telemarketing campaigns, tracking is also relatively simple, since someone is communicating with the customer throughout the entire process in most cases.

- **Internet marketing** – Usually this is easily tracked, because it is based on click throughs, or page impressions.

- **Promotions** – Most closed promotions are basically 'self-tracking', because they require the customer to do something, such as fill out an entry form (trackable), turn in a coupon, return a rebate slip (trackable), or log-on to a website to claim a prize (also trackable).

Tools for Monitoring and Control

There are many tools to help with control and monitoring:

- Market share analysis
- Sales analysis
- Budgets
- Marketing research
- Marketing information systems (MkIS)
- Feedback from customer satisfaction surveys
- Cash flow statements
- Customer Relationship Management (CRM) systems
- Activities of competitors to aspects of your plan
- Distributor support
- Performance of any promotional activities

Hints and Tips

- You need to be able to develop an operational marketing plan, selecting an appropriate marketing mix for different types of organizational contexts
- Use the main techniques available for planning, scheduling and resourcing activities within the plan
- Identify appropriate measures for evaluating and controlling the plan
- Review and evaluate the effectiveness of planning activities and the role of the individual and team in this process

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MARKETING COMMUNICATIONS AND CUSTOMER SERVICE

Unit 8

LEARNING OBJECTIVES

■ Plan the design, development, execution and evaluation of communications campaigns by a team of marketers, including external agencies and suppliers

■ Use appropriate marketing communications to develop relationships, or to communicate with a range of stakeholders

■ Manage and monitor the provision of effective customer service

■ Use marketing communications to provide support for members of a marketing channel

■ Review and evaluate the effectiveness of communications activities and the role of the individual and the team in this process

■ Marketing communications strategy is concerned with how an organization can successfully communicate and deliver its marketing strategy

Designing a Communications Campaign

■ Designing and implementing a communications campaign could be carried out entirely within house, or it could be devolved to an agency, or the campaign could involve a combination of internal and external input.

What type of campaign is it?

There are different types of marketing communications campaign:

■ An educational campaign targets a specific audience with information that benefits the consumer, for example, health related matters, or how to obtain benefits.

■ A marketing campaign promotes, for example, a new service or product, or repositions an old service or product, and focuses on price, promotion and product.

■ A public relations campaign would focus on image and name recognition.

Who is the target audience?

■ Communication should be tailored to meet the needs and interests of a given audience. Is the audience potential buyers, current users, deciders or influencers, individuals, groups, or the general public?

Aims and Objectives of the Campaign

Try to devise both quantitative (measurable) and qualitative objectives. The campaign may be trying to elicit a cognitive (attention), affective (feeling) or behavioural (doing) response

Designing the message

This is concerned with what to say, how to say it and who should say it. The aim is to find a theme, idea, appeal or unique selling proposition. The message can try to appeal on moral, rational or emotional grounds. The credibility of the message source depends on expertise, trustworthiness and likeability

Select the channels

The strategic aspects of media planning involve four steps:

- selecting the target audience toward which all subsequent efforts will be directed
- specifying media objectives, for example, in terms of reach, frequency
- selecting general media categories and specific vehicles within each medium buying media

Determining the Marketing Communications Budget

A key task within the framework of marketing communications is the appropriate determination of the levels of expenditure required to fulfil the task established.

- Percentage of sales
- Percentage of product gross margin
- Percentage of anticipated turnover
- Unit or case/sales ratio method
- Competitive expenditure
- Share of voice
- Media inflation
- Objective and task method
- What can be afforded

Evaluating Channel Effectiveness

Key performance and evaluation measures include:

- Regular reviews
- A forum for problem review and solution
- Monthly, quarterly and yearly sales data analysis
- Average stock levels
- Lead and delivery times
- Zero defects
- Customer service complaints
- Marketing support – achieving marketing objectives, level of marketing activity, sales promotions.
- Annual performance audit

From an Internet perspective, typical evaluation methods of marketing effectiveness might include:

- Number of leads
- Increased sales
- Customer retention
- Increased market share
- Brand enhancement and loyalty
- Customer service

Types of Evaluation

Formative evaluation includes pre-testing of materials, and is designed to test the strengths and weaknesses of a programme before it is ready for implementation

- **Process evaluation** reviews the tasks of implementing the programme
- **Outcome evaluation** is used to gather descriptive information. It gathers information about knowledge and attitude changes, expressed intentions of the target audience and the initiation of policy changes
- **Impact evaluation** is the most comprehensive of the four types of evaluation. It focuses on the long-term outcomes of the programme and long-term behaviour change.

If the programme is to be continued, revisions should be undertaken. If this is the end of the programme, documentation of what was learned should be made, so as to assist others who may undertake a similar project in the future.

An evaluation report should be prepared that could be used to secure funding to continue the programme and assist others conducting similar activities.

Integrated Marketing Communications

- Creating an integrated marketing communications plan is important for achieving maximum effectiveness. Using the elements of the communications mix in a coordinated way so as to achieve the objectives of a promotion. The role of marketing communications is to differentiate a product/brand (to make it different to a competitor's brand or seem different through effective positioning).
- Remind and reassure a target audience with regard to benefits (to encourage (re)purchase).
- Inform a target audience by providing new information (e.g. of a new brand or flavour).
- Persuade an audience to take a particular set of actions (e.g. visit a theatre, stop smoking).

Advertising

- Measuring advertising effectiveness is important for understanding how well ads are performing and what changes need to be made to improve performance.
- Promotion research consists of media and message research.
- Media research measures audience composition and size for media vehicles as a basis for determining ratings.
- Audience measurement services include magazine, local radio, national radio and television.
- Multiple measurement methods are usually preferable to single techniques to assess advertising effectiveness.

Sales promotions

■ Sales promotions often complement advertising, and may be planned and executed in parallel with associated advertising and possible public relations campaigns.

■ Sales promotions can be a highly targeted and flexible form of communications and evaluation of their effectiveness is usually an integral part of the communication through, e.g. coupon redemption, vouchers/coupons.

Public relations

Some commonly used measures of results are:

■ **Budget** – Has the planned activity been achieved within budget and timescale

■ **Awareness** – Established through using market research activities

■ **Attitude** – Positivity or negativity and whether there is any change in consumer behaviour

■ **Media coverage and tone** – Coverage in a range of media – number of column inches, key headings

■ **Positioning** – Comparative information about the relative position of the organization and the competition

■ **Response generation** – Enquiries or leads linked to reference codes or enquiry sources

■ **Share price** – A share price can be affected by a myriad of external factors outside a company's control

■ **Sales** – When an organization suffers from negative perception, sales tend to drop. The challenge is to rehabilitate the image in order to increase sales.

Direct marketing activities

- Direct marketing may take the form of direct mail, telemarketing, electronic marketing, and online marketing. It is immediate, customizable to individual consumers or groups of consumers, and interactive. Generally, direct marketing allows for easy measurement of effectiveness.

- Datamining (the extraction of hidden predictive information from large databases) is used to drill down into the data to any level of detail needed to identify common characteristics of high-volume users.

- Evaluation of direct marketing activities is based upon the pre-determined objectives of the campaign. Typical measures for successful implementation of the direct marketing campaign will include:

  Response rate

  Conversion rate

  Order value

  Repeat orders

- Often, this information will be gathered through a range of voucher and campaign response codes that will be able to distinguish the source of the direct mail or promotion. However, the cost per enquiry and per order needs to be identified. Click-through rates are a common online measurement.

Communications in marketing channel networks

A planned, channel-orientated communications strategy should contribute to and reinforce the partnerships in the network. There are many factors that can influence channel communication strategy, for example:

Power – are some organizations more important than others?

Direction – are communications one-way or two-way?

Frequency – how often should messages be sent?

Timing – messages should be sent to all members simultaneously or serially?

Style and content – messages should be formal/ informal? What must be included?

Review and evaluate the effectiveness of communications activities

Single elements of the communications mix are not used in isolation. The overall impact of a coordinated marketing communications campaign and the degree to which the promotional objectives have been achieved are key measures that interest stakeholders.

Pre-testing is about showing unfinished advertisements, often to focus groups to gather their reactions and to understand their reasoning.

Post-testing is concerned with the evaluation of a campaign once it has been released. A typical measurement is the number of enquiries or direct responses elicited by a single advertisement or campaign. Recall and recognition tests are common post-testing procedures for advertisements. Tracking studies involve collecting data from buyers on a regular basis, in order to assess their perceptions of ads.

Sales promotion evaluation includes methods such as c*onsumer audits* and general *sales information*, *retail audits*, including, for example, changes in stock levels, distribution, market share, etc. immediately after a promotional campaign.

Sales force feedback is also a common measure.

Voucher/coupon redemption – Usually coded so that the different response rates can be tracked.

The benefits of good customer service

Customer service is a link in a chain between buyer and seller and one of a series of links between stages in a marketing channel. An integrated customer service process can reduce cost, save time and improve profitability. Linking customer service information with sales data improves business scheduling and helps target potential customers. It helps to avoid duplication of effort and presents a unified, informed image.

- **Increased customer retention rates**
  It has been repeatedly shown that good service leads directly to increased customer retention rates, but the service has to be of a high standard to genuinely keep customers.

- **Reduced costs of running the business**
  Increased customer retention rates means the resources associated with setting up the customer's details are reduced to only once over a long time period, compared to a constant turnover of customers.

- **Reduced marketing costs**
  Many studies have shown that it costs around 3 to 5 times as much to attract a new customer compared with making the same sale to an existing customer.

Stronger position in the competitive market place

- Companies identified as being good service providers tend to have higher revenue growth compared with poor service competitors.

Improved internal communication, staff relations and morale

- Employees who receive positive feedback from their interactions with customers, and a reduction in the number of complaints, are bound to feel more satisfied with their work than working in a hostile climate.
- **CRM (Customer Relationship Management)** In theory, CRM (Customer Relationship Management) systems allow different parts of the business to share customer information, and every part of a company to be aware of customer needs.

Customer care

Customer care needs to be an integral part of the business strategy and effective customer relationship management means focusing on the needs of customers. A myriad of factors will affect customer loyalty:

Satisfaction among employees is often a driving force behind customer satisfaction, since customer interaction with staff is often central to their experience

If an organization's operational processes are not coherent, this will affect the customer's experience.

Employees who deal with customers need to be empowered to make certain decisions independently.

Service standards should be used wherever customers have direct contact with the organization, for example, speed and courtesy when answering phone calls.

Find out about different customer segments

Collect information about what and when customers purchase and use it for improving customer service.

As part of a sales and marketing strategy, set out the levels of service that will be offered to different customer types

Customer audit

- Who are the current customers?
- What proportion of our business does each represent?
- Who is the 'buyer'?
- Are their needs satisfied?
- How can we improve the service offered?

Current customer base

Investment in the current customer base will result in:

- Additional repeat business
- Closer and more productive working relationships with customers
- Word-of-mouth recommendations
- A steadier and more predictable flow of business

Looking after customers

- Receive complaints positively
- Record and analyze
- Change pro-actively
- Communicate at their convenience
- Look for win–win solutions

Improving performance

- Learn from experience
- Measure standards of service
- Involve employees in solving problems preventing good service
- Internal and external benchmarking

Monitoring and evaluating customer service

- A number of issues that impact upon quality measurement
- The difference in perception between employees and customers
- The inseparability of production and consumption
- The individuality of employees' performance and customers' perceptions.

There is a proposed formula for measuring these components:

- Customer expectations – service organizations' perceptions of customer expectations
- Customer experience – service organizations' perceptions of customer experience.
- Processes that can contribute to the monitoring and evaluation of the service that customers receive:

- Marketing research – gather information about services and their delivery.
- Observing customer–staff interactions as the latter receive a service
- Interviews to understand their perceptions and expectations versus their experience
- Customer satisfaction surveys – questionnaires to monitor customer satisfaction
- Mystery consumer experience – include a mystery person in the delivery of the service
- Evaluating dissatisfaction – examine the main causes of customer dissatisfaction
- Monitoring image – how is the image of the service perceived
- Performance appraisals – of staff involved in the delivery of a service
- Employee group discussions – internal marketing practice.

Ways to improve customer service

- Personalize communications – for example, greeting a customer by name, personalizing the e-mail addresses of customer-facing employees.
- Create opportunities for feedback
- Find out from new customers why they chose the company over the competition.
- Encourage complaints, as only one in ten dissatisfied customers bothers to complain; usually dissatisfied customers just take their custom elsewhere.
- Establish a customer hotline, and make sure the number is on every piece of paper sent out.
- Differentiate between different customer segments
- When marketing, if appropriate, differentiate between different market segments.
  - Potential customers who have not yet purchased anything.
  - Customers who have already made a purchase to increase the frequency of their buying.
  - Premium customers who already make regular purchases.

Plan for introducing better customer service

- Review other organizations with a good reputation for good customer service. Look at how this compares with practices in the target organization.

- Agree what customer service means and how it will be interpreted in the target organization.

- Agree customer service standards and procedures.

- All staff should participate in the process of change. Establish a working group or project team that has representation from all the parts of the organization that have an influence on customer service.

- Review strengths and weaknesses.

- Agree and communicate customer satisfaction. performance targets

- Develop plans to implement changes, including an internal marketing plan.

- A training programme aimed at everyone who has an influence on customer service should be devised or outsourced and implemented.

Customer retention management

There are a number of techniques for measuring customer satisfaction linked to profitability. Established customers tend to be more profitable because:

- They place frequent, consistent orders, and cost less to serve

- They tend to buy more

- Satisfied customers may sometimes pay premium price

- Retaining customers makes it difficult for competitors to enter a market or increase their share

- Satisfied customers often refer new customers to the supplier at no extra cost

- A higher retention rate implies fewer new customers need to be acquired

Hints and Tips

Seven stage process to the integrated assessment

- Design a research project to contribute to a marketing challenge
- Gather and store information appropriately
- Act on information by developing, implementing and controlling an operational marketing plan
- Use the main techniques available for planning, scheduling and resourcing activities within the plan
- Use marketing communications effectively with external audiences
- Manage the customer service element of the plan

Key skills

- You need to know how to review and evaluate the effectiveness of communications activities and the role of the individual and team in the process.
- You need to show that you understand how to use communications to support change and help implement plans – including internal marketing plans using a range of methods, e.g.
  - Training and development programmes
  - Intranet
  - Newsletters
  - Briefings
  - Effective external communications
- You need to be able to plan and implement communications campaigns teams of marketers

Go to www.cimvirtualinstitute.com and www.marketingonline.co.uk for additional support and guidance

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