


Market Segmentation

13

Setting marketing objectives and strategies for identified segments

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Design and setting by P.K. McBride

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Setting marketing objectives and strategies for identified segments

Summary

It will by now be clear that, following the analysis that takes place as part of the segmentation process, realistic and achievable objectives, along with their associated strategies, should be set for the company's key segments. As it is the setting of objectives that forms a key step in the marketing planning process, it is at this point that segmentation becomes directly linked with marketing planning which, in turn, means that the objectives have to be developed within the framework of the overall corporate plan.

Once agreement has been reached on the broad marketing objectives and strategies, those responsible for the programmes of marketing activity can then proceed to the detailed planning stage, developing the overall strategy statements into sub-objectives.

Unless the setting of marketing objectives and strategies is carried out well, everything that follows will lack focus and cohesion. In previous chapters, you have gone to a lot of trouble to develop an in-depth understanding of the market and to select the right targets. The purpose of this chapter is to ensure that you score a bull's eye on your selected targets!

This chapter is organized as follows:

- A discussion about what marketing objectives are and how they relate to corporate objectives
- How to set marketing objectives
- What competitive strategies are and how they can be used to gain competitive advantage
- How to start the process of marketing planning
- A brief review of product development as a growth strategy
- An introduction to marketing strategies and how to set them
- How to develop effective marketing strategies for identified segments
- A brief discussion about marketing in a downturn

- Guidelines on the profitability aspects of setting marketing objectives and strategies
- A review of the chapter.
- Exercises further to help you analyse the gap between sales and financial objectives and long-term forecasts.

■ Marketing objectives: what they are and how they relate to corporate objectives

There are no works on marketing which do not include at least one paragraph on the need for setting objectives. Setting objectives is a mandatory step in the planning process. The literature on the subject, though, is not very explicit, which is surprising when it is considered how vital the setting of **marketing objectives** is.

Definition: ■

A marketing objective is the quantification of what an organization sells (its products) and to whom (its segments).

A reminder: We use the word 'product' to avoid unnecessary references to 'services', 'not-for-profit services', 'capital goods' and 'retail'. The text is equally relevant to these.

The logical approach to the difficult task of setting objectives is to proceed from the broad to the specific.

An objective will ensure that a company knows what its strategies are expected to accomplish and when a particular strategy has accomplished its purpose. In other words, without objectives, strategy decisions and all that follows will take place in a vacuum.

Following the identification of opportunities and the explicit statement of assumptions about conditions affecting the business, the process of setting objectives should, in theory, be comparatively easy, the actual objectives themselves being a realistic statement of what the company desires to achieve as a result of market-centred analysis, rather than generalized statements born of top management's desire to 'do better next year'. However, objective setting is more complex than at first it would appear to be.

Most experts agree that the logical approach to the difficult task of setting marketing objectives is to proceed from the broad to the specific. Thus, the starting point would be a statement of the nature of the business (the mission statement), from which would flow the broad company objectives. Next, the broad company objectives would be translated into key result areas, which would be those areas in which success is vital to the firm. At one level, key result areas would include, for example, market penetration and the overall growth rate of sales. At the level responsible for securing 'market penetration', this could well be stepped down to 'segment penetration'. The third step would be creation of the sub-objectives necessary to accomplish the broad objectives, such as sales volume goals, geographical expansion, segment extension, product line extension, and so on.

Chapter extract

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